



NASDAQ: ABNB

Investment Memorandum

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Executive Summary



5-Year IRR: 22.8%

5-Year MOIC: 2.79x

5-Year Target Price: \$322.0

Company	Airbnb, Inc. is a leading house sharing platform with a community of 4 million hosts who have accommodated over 1 billion guest arrivals. Airbnb offers over 6.6 million accommodations across more than 100,000 cities															
Key Financials	Market Capitalization: \$78.5Bn (4/21/2023) Enterprise Value: \$70.9Bn (4/21/2023) 2022 Revenue: \$8.4Bn 2022 FCF: \$3.2Bn															
Why Now?	ABNB’s stock has experienced short-term pressure from the street due to concerns about supply growth, ADR headwinds, and regulatory threats. These concerns in addition to the blanket technology stock sell-off has priced ABNB at a 47% discount to its ATH of \$216.84 . We believe this creates a unique opportunity to buy a best-in-class asset compounder in the travel space with almost unlimited future growth potential															
Investment Factors	<p>We believe that ABNB’s ability to grow listings, superior customer acquisition model, and network effects will drive significant upside with a base case IRR of 22.8% and a 178.8% increase in stock price over 5 years. Our belief is driven by three investment factors:</p> <ul style="list-style-type: none">1 Attractive returns and low barriers to entry for hosts will drive growth in listings and nights booked2 Differentiated customer acquisition model drives superior unit economics to other OTA platforms3 Airbnb’s network effects create formidable barriers to entry and global scale advantages															
Target Price & Returns	<p>Exit Date: December 2027 Entry Price: \$115.5 5-Year Price Target: \$322.0 5-Year IRR: 22.8% 5-Year MOIC: 2.79x</p> <div><table><thead><tr><th>Scenario</th><th>Price</th><th>Return</th></tr></thead><tbody><tr><td>Street</td><td>\$221.4</td><td>13.9%</td></tr><tr><td>Bear</td><td>\$114.0</td><td>-0.3%</td></tr><tr><td>Base</td><td>\$322.0</td><td>22.8%</td></tr><tr><td>Bull</td><td>\$495.7</td><td>33.8%</td></tr></tbody></table></div> <p>5-Year Price Target:</p>	Scenario	Price	Return	Street	\$221.4	13.9%	Bear	\$114.0	-0.3%	Base	\$322.0	22.8%	Bull	\$495.7	33.8%
Scenario	Price	Return														
Street	\$221.4	13.9%														
Bear	\$114.0	-0.3%														
Base	\$322.0	22.8%														
Bull	\$495.7	33.8%														

Airbnb, Inc. (ABNB) - Company Overview

Business Description

- Airbnb, founded in 2007, operates and manages an online marketplace that connects hosts and guests to book spaces and experiences
- Airbnb attracts new hosts organically. In Q4 2022, 36% of new hosts were prior guests (33% in Q4 2021)
- The primary revenue growth drivers for Airbnb between 2019 and 2022 have been: i) ADRs (61% of revenue growth), ii) nights and experiences booked (27% of revenue growth), and iii) take rate (11% of revenue growth)
- Key Operating Metrics (2022):**
 - Number of hosts: +4mm
 - Active listings: 6.6mm
 - Nights and experiences booked: 394mm
 - Global GBV: \$63,212mm (ADR: \$160.4/night)
 - Revenue take rate: 13.29%

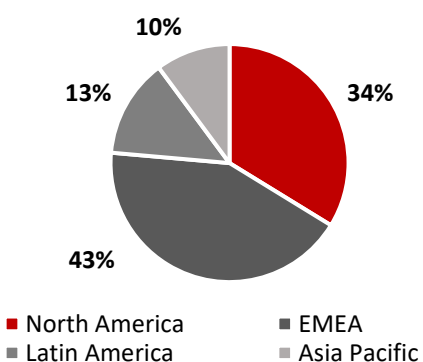
ABNB Capitalization

ABNB Capitalization

Figures in US\$mm		Amount	Multiple
Cash & Investments	<i>Avg. Int. Rate</i>	9,622	FY'22 Leverage
Debt	0.20%	1,987	1.1x
Net Debt		-7,635	
Basic Shares Out.		637	
Option Dilution		43	
Total Dil. Shares Out.		680	
Share Price		\$115.50	FY'22 EPS Mult.
Market Capitalization		78,540	41.5x
Enterprise Value		70,905	FY'22 EBITDA Mult.
EBITDA (FY'22)		1,883	37.7x
Net Income (FY'22)		1,893	

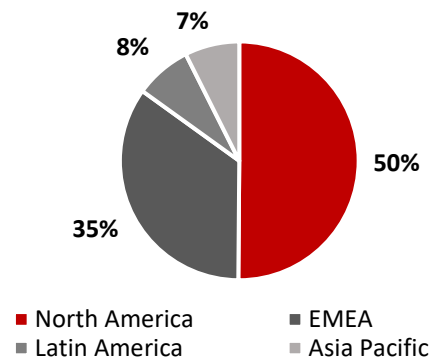
Bookings and Revenue Breakdown (FY'2022)

Nights and experiences booked



394mm

Revenue

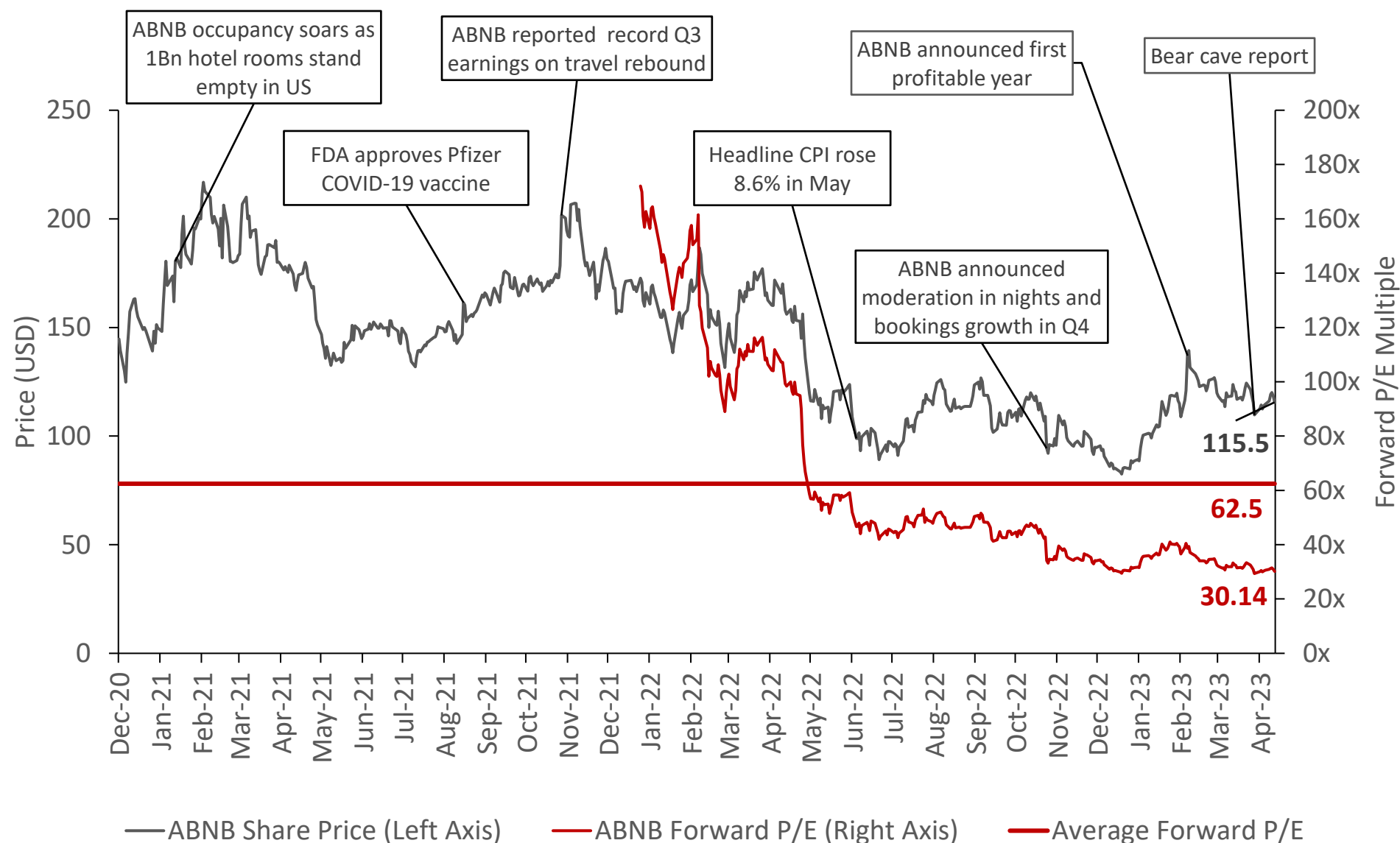


\$8,399mm

Historical Share Price Performance








ABNB Share Price and Valuation – Since IPO







Note: Forward P/E multiples are calculated since Jan-22 (previous periods were either too high or negative).

Source: Factset and Factiva.

ABNB: Key Debates

Key Issues	Street View	Our View
 Supply Constraints	<p><i>Airbnb's inability to increase supply will cause revenue growth to decelerate</i></p>	<ul style="list-style-type: none"> Recent product improvements streamlined host onboarding and grew listings by 16% in Q4 2022 Platform model positions ABNB strongly against hotel competitors, who are growing listings by 3-5% because of funding and construction bottlenecks
 Short-term economic headwinds	<p><i>Airbnb faces risks of declining travel demand in FY'23-24 due to economic headwinds</i></p>	<ul style="list-style-type: none"> Economic stress compels hosts to list properties for extra income and guests to choose Airbnb for lower prices, making ABNB recession resistant 40% of hosts use Airbnb "to make ends meet" Price is most often the traveler's top consideration
 Safety and Regulatory Hurdles	<p><i>Safety issues and regulatory pushback in urban areas could limit Airbnb's growth potential</i></p>	<ul style="list-style-type: none"> ABNB leverages AI to flag risky guests and bookings, reducing its incidents compared to Vrbo Most urban regulations cap number of nights per host, adversely impacting large property managers, rather than Airbnb's core host, who lists their property for 65 days on average as an additional source of income
 Competition from OTA's	<p><i>Entry of Vrbo and Booking.com into the alternative accommodation space can slow Airbnb's growth and put pressure on take rates. Booking is a formidable competitor, is well capitalized, and can gain market share against ABNB</i></p>	<ul style="list-style-type: none"> 72.0% of Airbnb's listings are exclusive, and ABNB has a strong moat driven by superior products Airbnb has built a category and matching system that provides a more personalized experience for guests and higher booking success for hosts Traditional OTA's are optimized for hotels and are not as equipped to provide a P2P sharing platform
 TAM	<p><i>ABNB is an alternative accommodation provider to a \$1Tn TAM (\$800Bn of Lodging and \$240Bn of in-travel experiences)</i></p>	<ul style="list-style-type: none"> 20% of ABNB nights come from long-term listings. ABNB is blurring the line between travel and furnished rentals Shift towards LT rentals creates additional \$1.2Tn of TAM in the U.S. alone

ABNB: Call Options for Transformative Growth (not included in Base Case)

Call Options	Research	Potential Impact
 Living on Airbnb (\$13.5Bn EBIT Uplift)	<ul style="list-style-type: none"> Brian called out a “Living on Airbnb” trend. Now 21% of Airbnb’s nights are long-term rentals Current and former employees describe Airbnb as not just rentals, but “plug & play” real estate Use cases include college housing, internships, international work, and “digital nomadism” 	<ul style="list-style-type: none"> There are ~20mm college students enrolled in the U.S. If 1.3mm of these students⁽¹⁾ used an Airbnb, this adds 390mm nights per year⁽²⁾ There are 17mm Americans who identify as digital nomads⁽³⁾, growing 32% Y/Y. Getting 2mm on Airbnb adds 600mm nights per year⁽²⁾
 Take rate opportunities (\$3.0Bn EBIT Uplift)	<ul style="list-style-type: none"> Airbnb has many potential product offerings to increase take rate Opportunities discussed by management include travel insurance, sponsored listings, cleaning services platform, and pricing analytics 	<ul style="list-style-type: none"> Assuming \$100Bn of GBV, 1% increase of take rate from analytics adds \$970mm EBIT Insurance is 10% of trip cost. 25% commission and 25% uptake, adds \$606mm EBIT Assuming \$10Bn of cleaning spend and 15% take rate, this opportunity adds \$1.5Bn EBIT
 Apartment Swapping on Airbnb (\$2.4Bn EBIT Uplift)	<ul style="list-style-type: none"> Airbnb has partnered with large real estate developers to offer “Airbnb Friendly” apartments These buildings allow residents to rent out their apartments 60-180 days a year This was announced winter ’22 and has already grown from 170 to 250 apartment buildings 	<ul style="list-style-type: none"> There are ~40mm Americans living in apartments. Bringing an additional 10% of these apartments online would double number of hosts Assuming 50 nights traveled per resident, and 50% of those nights on Airbnb, this would add 100mm nights booked and \$2.4Bn EBIT⁽⁴⁾
 Payments Products (\$2.4Bn EBIT Uplift)	<ul style="list-style-type: none"> Airbnb processed over \$60Bn of payments in ’22 Former employees discussed host payment in “Airbnb Credits”. Superhosts already receive Airbnb Credits as a status bonus every year Airbnb started offering immediate payment for 1.5% of bookings (fee capped at \$15) Airbnb is hiring talent from Apple Pay/Wallets 	<ul style="list-style-type: none"> If hosts keep 25% of GBV as travel credits, this could add \$1Bn EBIT (\$100Bn GBV, \$33.3Bn cash, 3% rate of return) If 25% of hosts opt in for immediate payment, this could add \$375mm EBIT Buy-Now-Pay-Later could add \$1Bn EBIT (\$100Bn GBV * 10% uptake * 10% average fees)

Transformative call options enable ABNB to capture an additional EBIT of \$21.3Bn

Investment Thesis

Unique opportunity to buy a high-quality business at an attractive price. We believe ABNB is at an inflection point where they have reached critical mass and are now focused on taking market share in high growth markets:

1 Attractive returns and low barriers to entry for hosts will drive growth in listings and nights booked

- Hosting is highly lucrative with 15%+ IRRs, incredibly easy to do, and underpenetrated
- With product enhancements, Airbnb is accelerating new listings and growing supply faster than key competitors
- Robust supply growth further enhances Airbnb's value proposition, driving additional adoption and share gains

2 Differentiated customer acquisition model drives superior unit economics to other OTA platforms

- Airbnb attracts 90% unpaid traffic to its site, creating unit economics far more attractive than that of its competitors
- This allows Airbnb to generate 66.7% EBIT margins for every incremental night booked, compared to 54.3% for Booking and 41.8% for Expedia

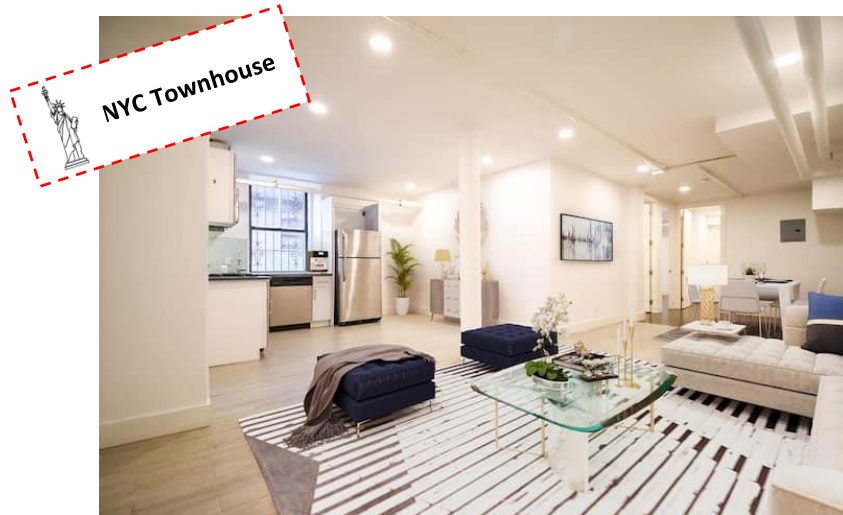
3 Airbnb's network effects create formidable barriers to entry and global scale advantages

- Airbnb's composition of individual hosts, primary residences, and exclusive listings make it the only true P2P home sharing platform
- With a significant mix of international travel, Airbnb can leverage its global network of hosts and guests to win in each market globally

ABNB benefits significantly from industry tailwinds, hotels losing market share, and superior unit economics that drive share price upside of 178.8% and IRRs of 22.8% over 5 years

1 Attractive returns and low barriers to entry for hosts will drive growth in listings and nights booked

Short Term Rental Opportunity



~\$400k Annual revenue of renting an NYC townhouse on ABNB



~\$160k expenses to operate townhouse



~\$100k of cash flows after debt service to ABNB host

Short term rentals provide ~15%+ IRRs to hosts

"Investors are often surprised when we show them our IRR's, but rentals is truly an amazing business as people always come to NYC"

ABNB New York Super Host, '23

Private Room Opportunity



~\$1,776 Annual incremental cost of owning a 3-bed vs a 2-bed house



~\$8,000 Annual incremental revenue of renting out additional bedroom to ABNB

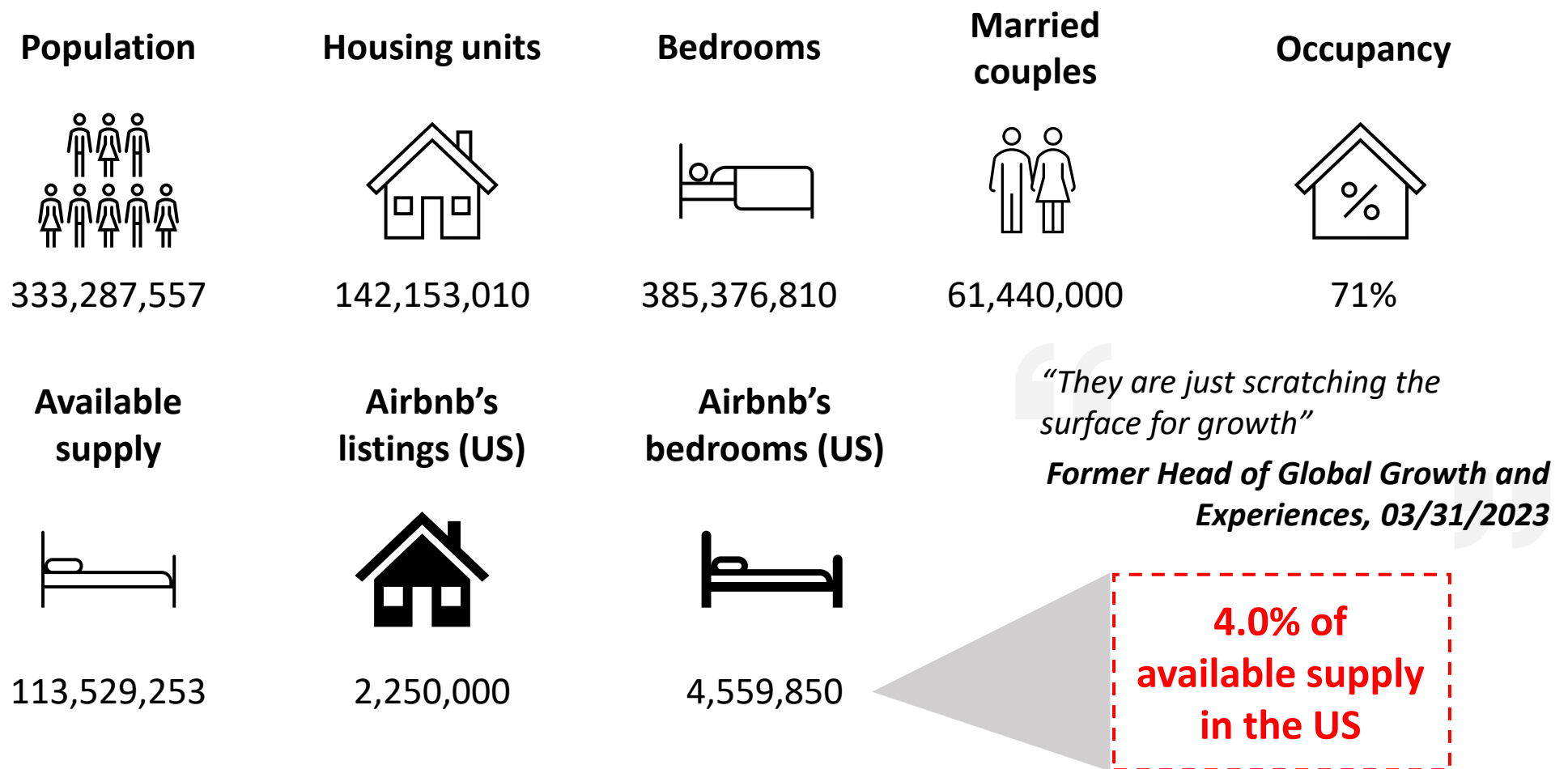
Incremental rooms provide additional ~\$6,000 of free cash flow annually to owners

"ABNB has helped us pay off our mortgage and generate additional income from our extra room during high seasons"

ABNB Host, '23

Highly attractive host incentives for both whole unit rentals and private room rentals will drive supply growth and increase nights booked for ABNB

1 Private Room TAM in the US



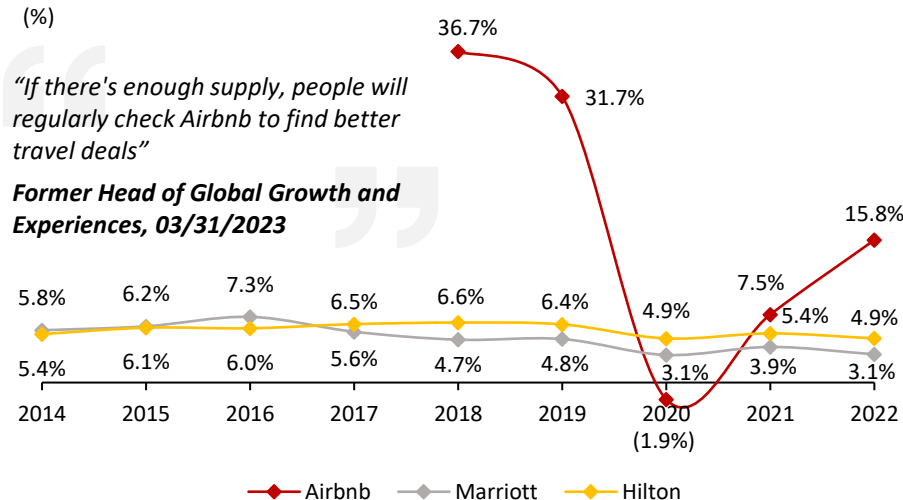
The private room TAM in the US is highly unpenetrated and creates opportunity for higher host adoption

Note: Assumes 2.7 bedrooms per housing unit. Occupancy is calculated by dividing total population less married couples by number of bedrooms. 40% of Airbnb's active listings are private bedrooms and the rest housing units with multiple bedrooms.

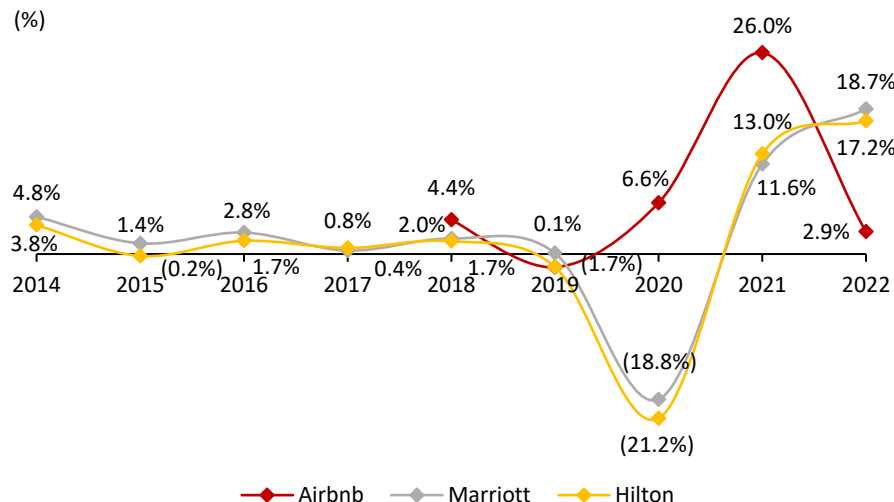
Source: Unites States Census Bureau, Company filings, Statista.

1 Superior value proposition and differentiated supply drives market share capture from hotels

Room/Listing Growth Rates



ADR Growth Rates



Commentary

- *"we **grew supply by 900,000 listings**, or 16% compared to a year ago, representing an **acceleration in growth** in listings relative to Q3"*
- *"new active hosts recruited with the help of our Superhosts increased by more than 20% compared to prelaunch"*
- *"Our **product improvements are working**. Over the past two years, we've made it **more attractive and easier to become a host**."*

Airbnb Earnings Call, Q4'22

- *"[low] construction starts over the **past couple of years** in the U.S. are **having an impact in 2023**"*
- *"**financing environment** for new projects and hotel sales **remains challenging**, especially here in the U.S., **given higher interest rates**"*
- *"construction starts...not back to where we were in 2019"*

Marriott Earnings Call, Q4'22

- *"**construction costs...were still higher** than they were in 2019 by about **20% to 30%**"*
- *"but overall in the market, **very low levels of supply** and that continues to be met with very strong demand"*
- *"we will have **good pricing power**, at least through this year, simply because there's **no capacity addition** really coming into the market"*

Hilton Earnings Call, Q4'22

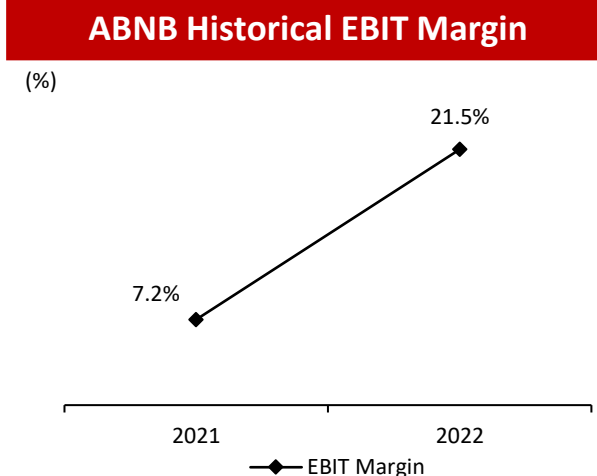
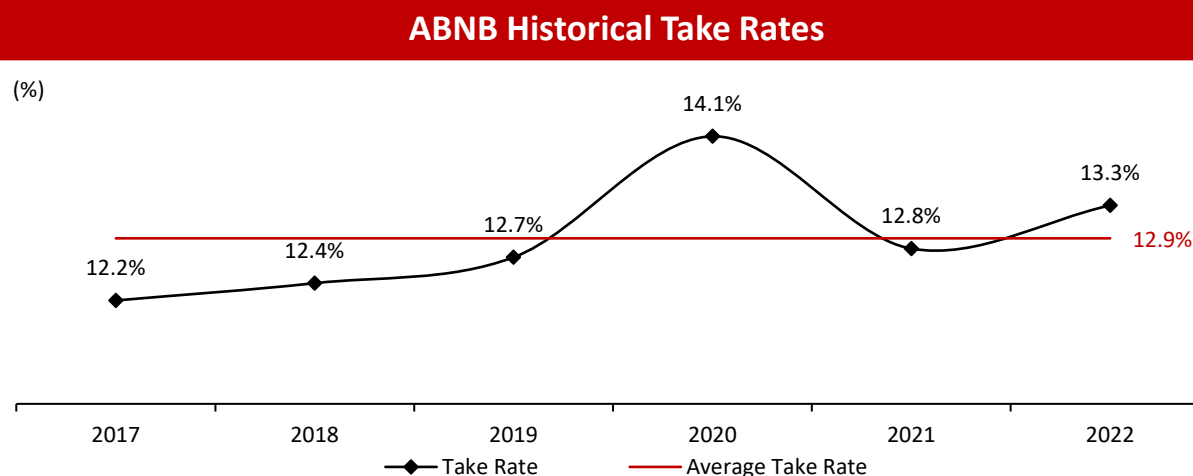
1 All-in travel costs further demonstrate ABNB as the superior option

City	Tokyo		London		Paris		New York	
Listing	Airbnb 1BR APT	Hotel Room	Airbnb 1BR APT	Hotel Room	Airbnb 1BR APT	Hotel Room	Airbnb 1BR APT	Hotel Room
Night costs	\$125 per night	\$292 per night	\$333 per night	\$378 per night	\$180 per night	\$276 per night	\$262 per night	\$418 per night
Food costs	\$20 per day	\$40 per day	\$25 per day	\$50 per day	\$21 per day	\$40 per day	\$50 per day	\$130 per day
Total costs	\$145 per day	\$332 per day	\$358 per day	\$428 per day	\$201 per day	\$316 per day	\$312 per day	\$548 per day
Room Amen.	Wifi, Kitchen, TV, Washer	Wifi, TV	Wifi, Kitchen, TV, Washer	Wifi, TV	Wifi, Kitchen, TV, Washer	Wifi, TV	Wifi, Kitchen, TV, Washer	Wifi, TV
ABNB								
Hotel								

For larger groups Airbnb adds more value to guests than hotels

② Differentiated customer acquisition model drives superior unit economics to other OTA platforms

Illustrative Night Booked	Airbnb	Booking	Expedia
Average daily rate for 2022 ⁽¹⁾	\$160	\$124	\$150
Average take rate for 2022	13.3%	14.1%	12.3%
Total service fees (collected at booking and recognized as revenue upon check-in)	\$21.3	\$17.5	\$18.4
Payment Processing/Chargebacks ⁽²⁾	\$3.8	\$1.9	\$2.1
Operations & Support	\$2.7	\$0	\$0
Estimated Performance Mktg. Costs ⁽³⁾	\$0.6	\$6.1	\$8.6
Incremental EBIT per night booked	\$14.2	\$9.5	\$7.7
Incremental Margin	66.7%	54.3%	41.8%



ABNB's powerful unit economics drive incremental EBIT margins of 66.7% per average night booked

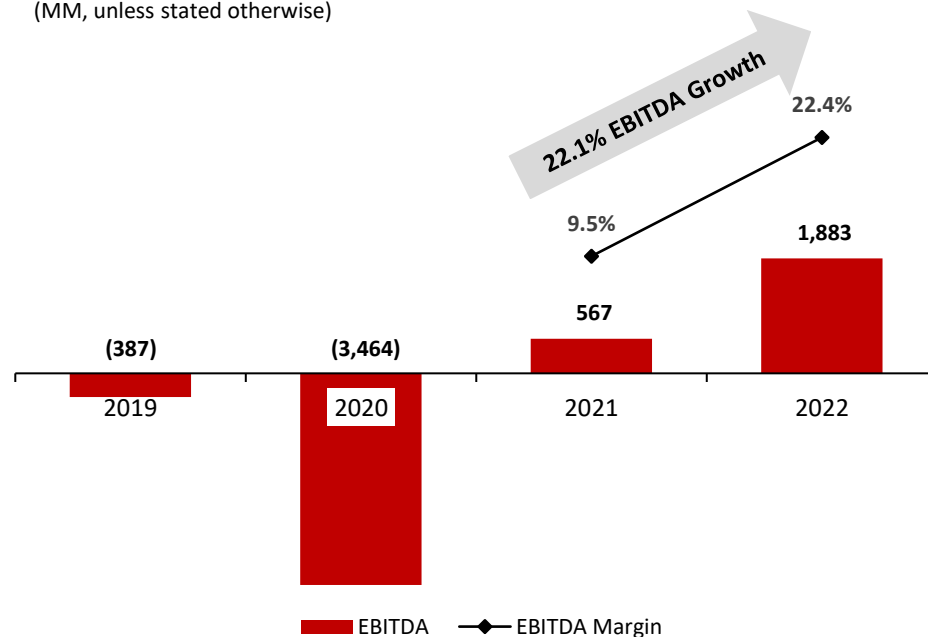
1. Includes car rentals and flights for BKNG. Estimate for EXPE since ADR isn't disclosed
2. Includes customer support for BKNG and EXPE. Support is broken out separately for ABNB
3. Airbnb benefits from 90% direct traffic, and the estimated total performance marketing is \$230m for FY'22.

Source: ABNB, EXPE, BKNG Company filings.

2 Proven track record of improving EBITDA margins through cost discipline

Historical EBITDA Margin Expansion

(MM, unless stated otherwise)



EBITDA Margin Drivers

- 1 COGS productivity through reduction of payment costs as a % of revenue
- 2 Leaner operations and support team from a better product
- 3 Reduced product development costs as platform has reached critical mass
- 4 Highly efficient sales and marketing cost management due to 90% direct traffic
- 5 Overall leaner organization driving lower general & administrative costs

ABNB Commentary

- “During the height of the pandemic, we made some very **difficult choices to reduce our spending**, making us a **leaner** and more **focused company**. And we’ve **kept this discipline ever since**”
- “Seeing **strong improvements** in our **variable cost reductions**...Everything from **community support costs**, **cost of payments costs**, **infrastructure costs**”
- “**90% of our traffic is now direct and sustained** that since we went public...We have an **extremely high efficiency** on things like **performance marketing**”
- “Over each of the past two years, we’ve only **modestly increased our headcount**...compared to 2019, our **headcount is actually down 5%**, while **revenue is up 75%**. And **every single quarter in 2022 outperformed past comparable periods**”
- “We’re going to continue to **stay really lean**, but we’re really **focused on just really hiring in key positions**”

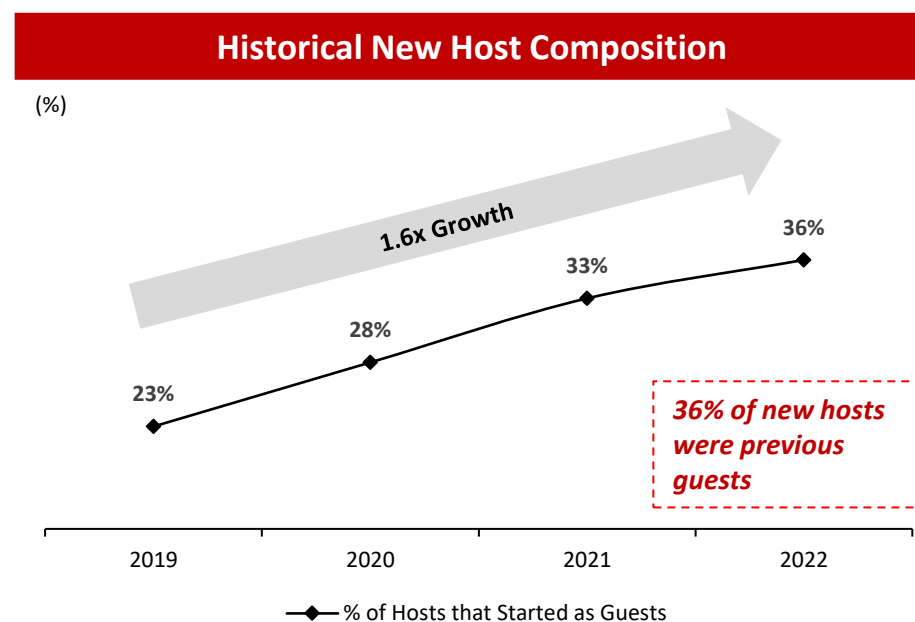
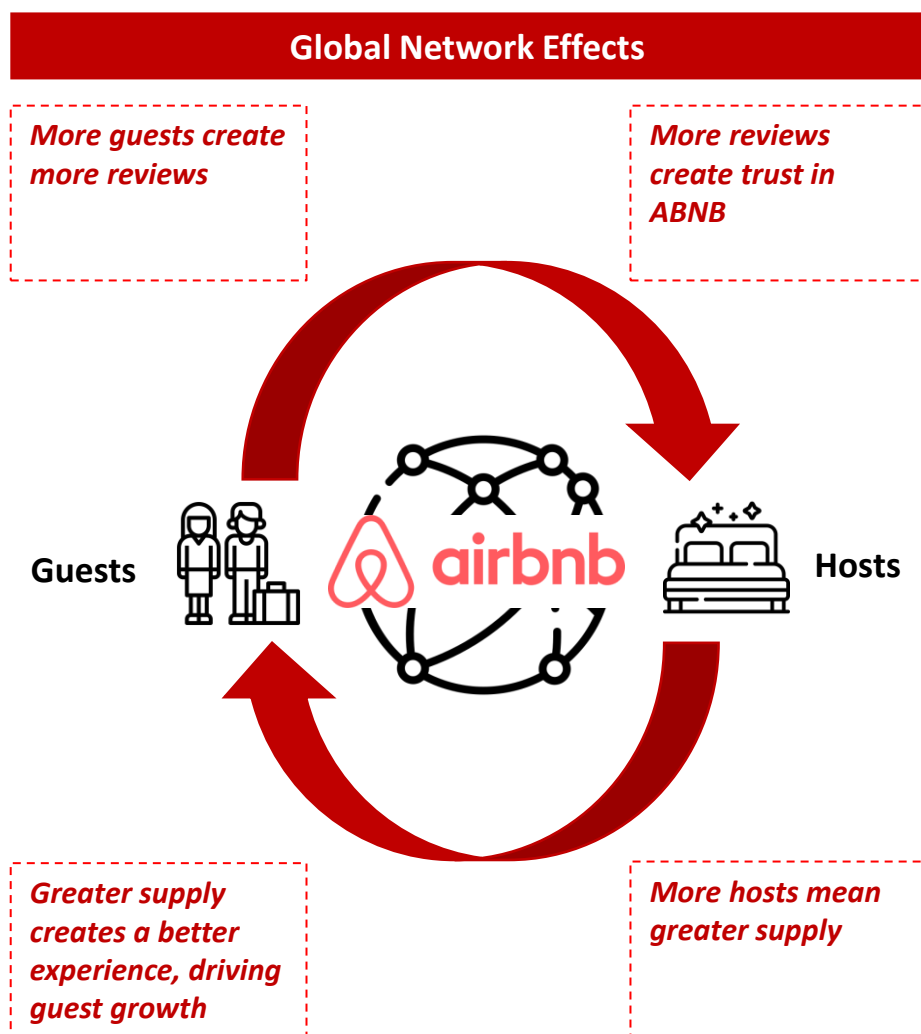
Airbnb, Q4’22

- “I think they’ll be **disciplined on hiring**. So, you put all that into a blender before SBC, and I think you can get **north of 40% EBITDA margin**”
- “The CFO came from **Amazon**. He is **cost-focused**”

Former Airbnb Employee, ’23

Platform nature of ABNB’s business enables sizeable cost efficiencies and EBITDA margin expansion

3 Platform business model creates inherent network effects and a formidable barrier to entry



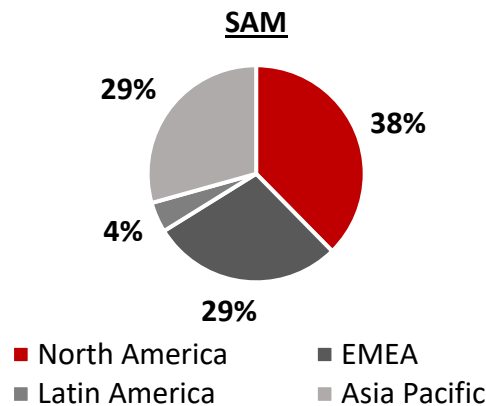
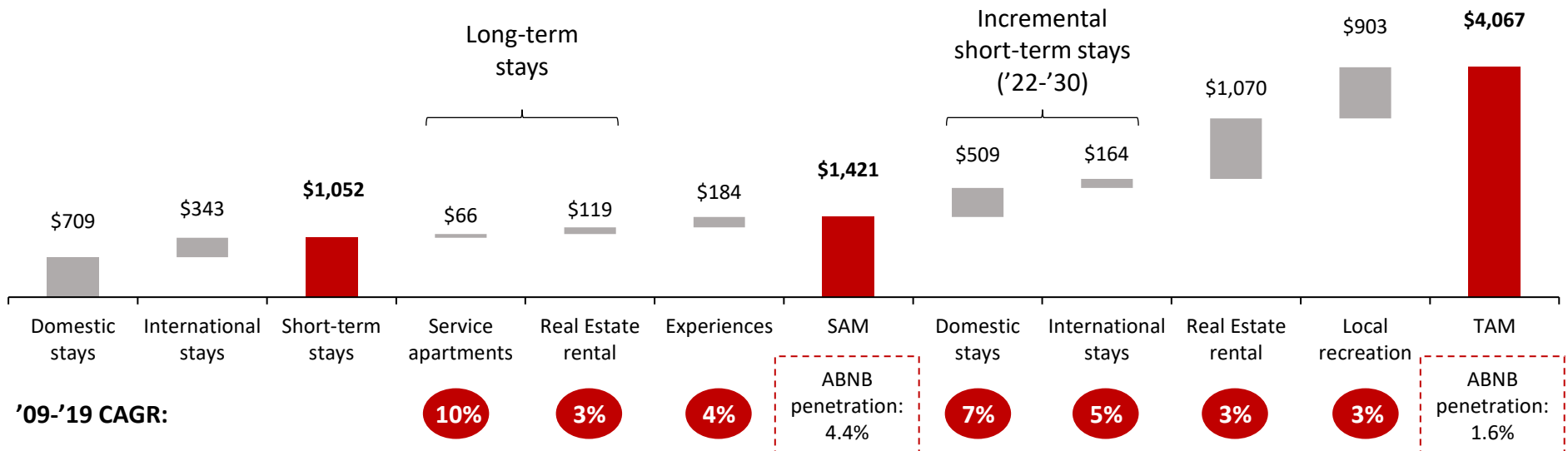
- Reinforcing Mechanisms**
- 1 Brand familiarity driven by user experience and association of great experiences with ABNB
 - 2 Economies of scale and global reach enable lower prices per unit; increasing guest demand in any market ABNB enters
 - 3 Best technology stack vs. peers, built by continual feedback loop, enabling:
 - Better matching of guests and hosts through reviews
 - Seamless hosting process and guest user experience
 - Improved price transparency for guests and hosts
 - AI algorithms flag risky bookings and personalize the search results to match guests to their perfect properties

ABNB benefits from sustainable global network effects that drive supply and demand

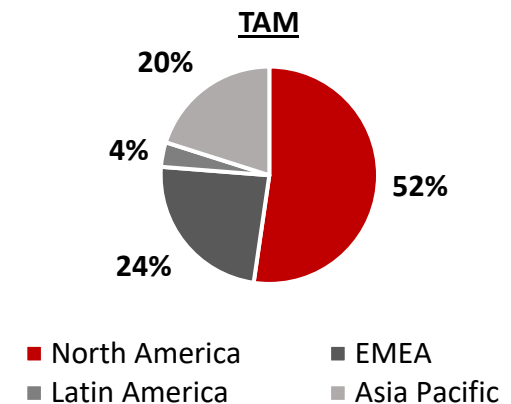
SAM and TAM Analysis

Airbnb has a substantial market opportunity in the growing travel market and experiences economy with estimated SAM and TAM of \$1.4Tn and \$4.0Tn respectively

SAM and TAM (\$Bn)



"Airbnb isn't just travel; it's plug and play real estate"
Former Head of Global Growth and Experiences, 03/31/2023








Note: Market size was estimated using industry market reports and databases as of 2022 (2019 for overnight visitors' calculations). Asia Pacific includes Australasia and excludes China. These numbers correspond to Airbnb's total GBV on which the company collects fees that are recognized as revenues.

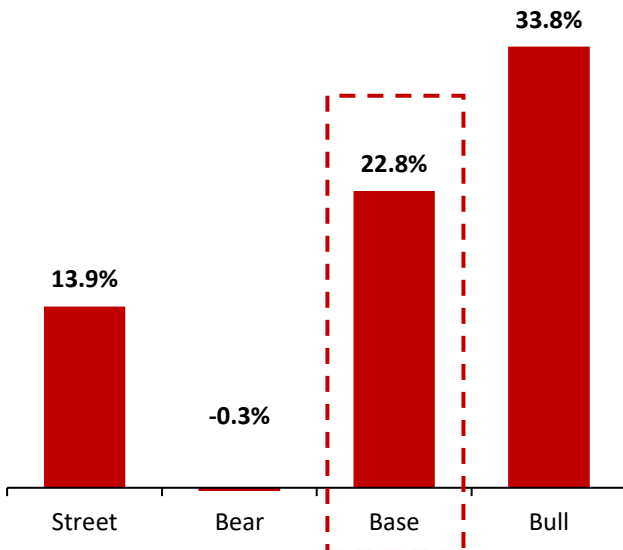
Source: UNWTO, Ariosi Group Limited, IBIS World, Euromonitor and company filings.

Competitor Analysis

Airbnb is the fastest growing OTA and has a much larger and diverse network of listings than its competitors

	OTAs			Hotel Chains	
(FY 2022)	 airbnb	 BOOKING HOLDINGS	 Expedia	 Marriott INTERNATIONAL	 Hilton
Active listings/rooms	6.6mm	2.7mm	2.9mm	1.5mm	1.1mm
Room nights	394mm	896mm	312mm	356mm	278mm
Gross booking value	\$63,212mm	\$121,253mm	\$95,049mm	\$61,593mm	\$41,946mm
ADR	\$160	\$124	NA	\$173	\$151
Take rate	13.29%	14.09%	12.27%	NA	NA
Revenue CAGR ('17-'22)	27%	6%	3%	-2%	-1%
Direct traffic	91%	55%	NA	NA	NA
Opex-light?	✓	✓	✓	✗	✗
Adaptable supply model?	✓	✗	✗	✗	✗
Unconstrained supply?	✓	✗	✗	✗	✗
Organic host/guest adoption?	✓	✗	✗	✗	✗

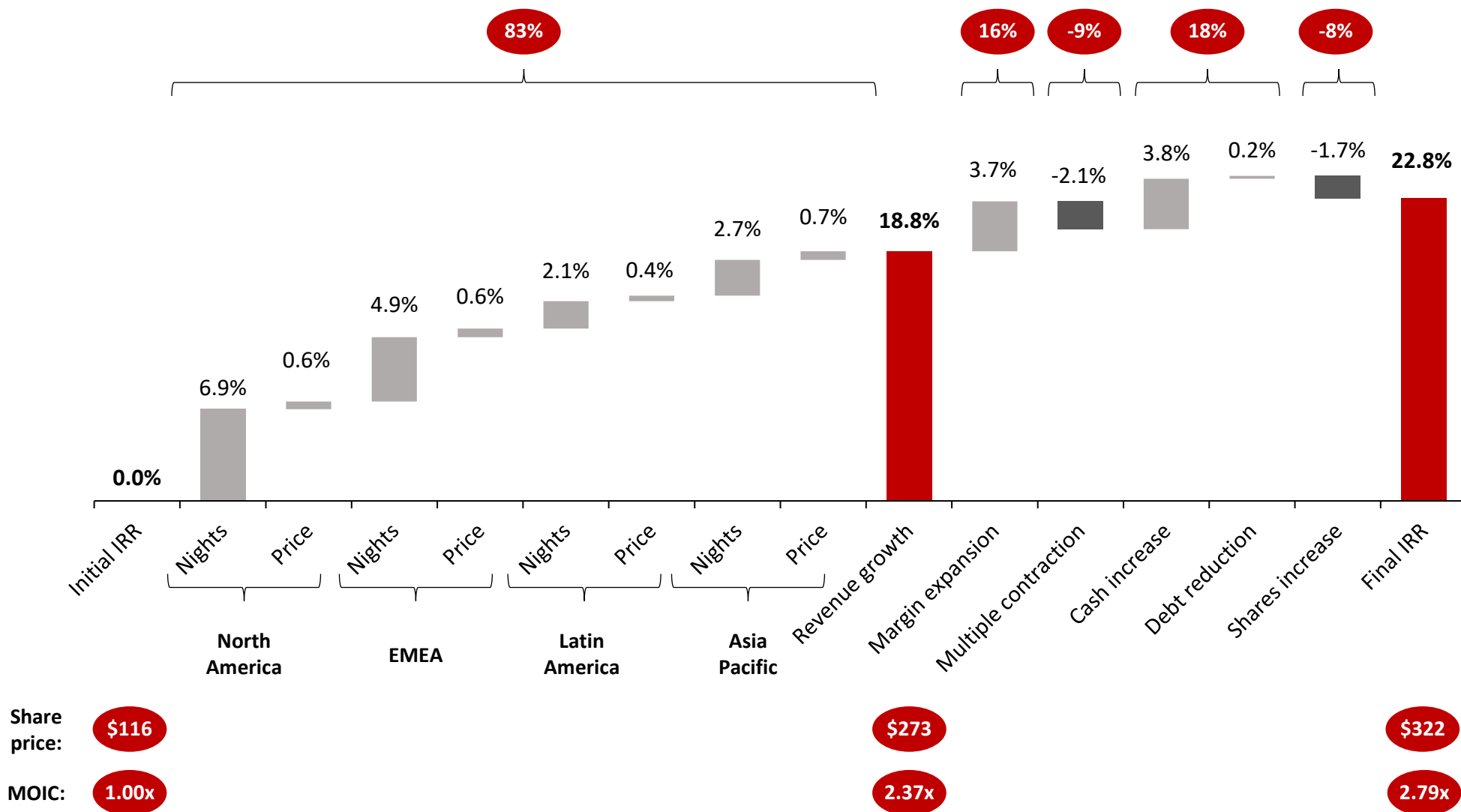
Valuation Summary

Scenario	Description	5-Yr IRR / PTs				
Street View	<ul style="list-style-type: none">Airbnb has reached verb statusIs superior travel platform to Expedia and BookingTake rates and share gains will moderate with increased competitionShort-term recessionary risks put pressure on nights booked and ADR					
Bear Case	<ul style="list-style-type: none">Airbnb has reached peak adoption and market share. Share gains will be minimal to flat in outgoing yearsADR's will decrease by approximately 2% Y/Y with increased competition, mix shift, and macro headwindsTake rates will decrease with increased pressure from Vrbo and Booking					
Base Case	<ul style="list-style-type: none">Airbnb will continue to drive adoption and share gains by out-supplying hotels and further expanding into long-term rentalsADR's will decrease slightly in the next 5 years due to geographical mix shiftTake rates will slightly increase with Airbnb's competitive moat intact	5 Year Price Target:				
		\$221.4	\$114.0	\$322.0	\$495.7	
		Valuation Assumptions (2027E)				
		Nights booked (mm)	833.8	634.5	983.2	1,222.4
		ADR	\$145.9	\$142.6	\$158.1	\$177.1
		Take rate	13.3%	12.6%	13.6%	14.0%
		Revenue growth (2022A-27E)	14.3%	6.3%	20.2%	29.3%
		Gross margin	82.9%	82.0%	83.0%	83.0%
		EBITDA margin	39.8%	29.0%	42.7%	49.2%
		FCF margin	37.7%	34.4%	45.4%	50.7%
		Exit multiple (EV/FCF 2027E)	N/A	14.0x	20.0x	20.0x
		1 Same multiple as peer group Through-the-cycle median				
Bull Case	<ul style="list-style-type: none">Airbnb will accelerate adoption with increased supply growth from product improvements, household budgetary pressures, and executing on "call option" opportunitiesADR's increase with hotel supply constraints, inflation, and tailwinds in emerging marketsTake rates increase to match Booking's as Airbnb offers new analytics and payment products, and travel insurance to hosts and guests					

Source: Bloomberg, company filings and Team analysis.

IRR Bridge – Base Case

% Contribution



No dividends projected over the life of the investment under the Base Case

Note: Nights includes both nights and experiences booked. Price is calculated by multiplying ADR times take rate.
Source: CapitalIQ and Team analysis.

Management Team

Brian Chesky's leadership has resulted in outsized financial performance in recent years

- 2022: **40%** revenue growth y-o-y, **49%** FCF growth y-o-y, **first full profitable year** on GAAP basis

Executive management team and employees have a **vested interest in growth of ABNB's share price**

- Bulk of management team's compensation is based on stock performance
- Nearly all employee's compensation has a stock component

External hires from Big Tech can bring **new perspectives** for execution

- Tara Bunch, GH Ops, Formerly at Apple
- Jay Carney, GH Comms, formerly at Amazon



Brian Chesky*, CEO

Co-founder

11.8% ownership / 27.1% voting power

Compensation: \$1 / RSUs based on stock price hurdles, **\$365.0** PT in 2027 (Long-Term Incentive Plan)

**Founding team continues to attend weekly Sunday night founder calls*

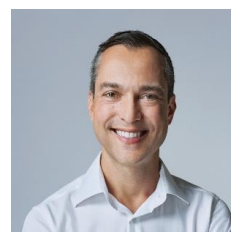


Dave Stephenson, CFO

+4 years with the firm

Previous: Amazon, P&G

Compensation: \$600K and 50% stock options / 50% RSUs bonus

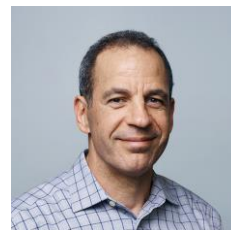


Nathan Blecharczyk*, CSO

Co-founder

9.4% ownership / 23.5% voting power

Compensation: \$400K and 50% stock options / 50% RSUs bonus

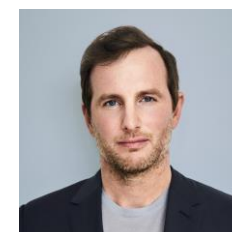


Ari Balogh, CTO

+4 years with the firm

Previous: Google, Yahoo!

Compensation: \$600K and 50% stock options / 50% RSUs bonus



Joe Gebbia*, Chairman Airbnb.org

Co-founder

8.9% ownership / 21.4% voting power



Catherine Powell, GH Hosting

+3 years with the firm

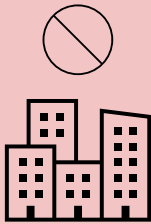





Previous: Disney, BBC

Compensation: \$600K and 50% stock options / 50% RSUs bonus

“I still have half of my net worth in ABNB stock”
Former Head of Global Growth and Experiences, 03/31/2023

Management is well-equipped and incentivized to drive share price outperformance

Key Risks and Mitigants

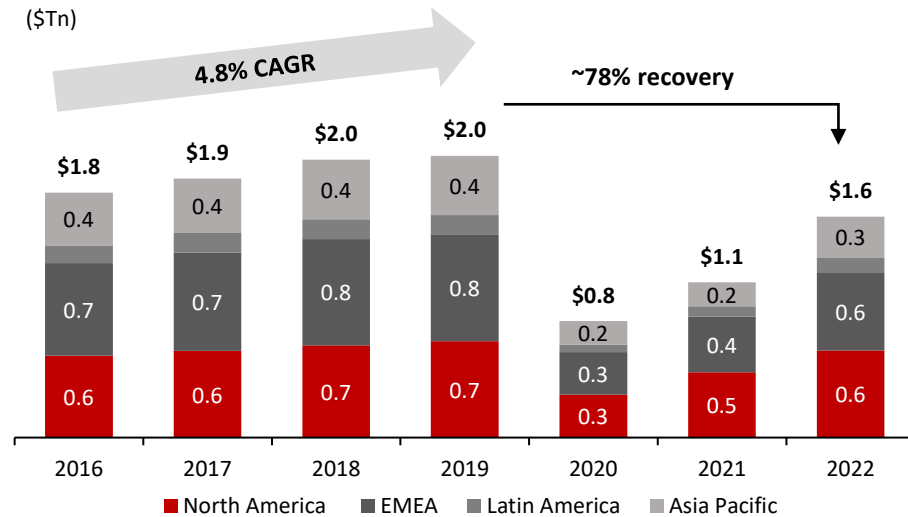
Risks	Mitigants
 Regulatory pushback from big dense cities	<ul style="list-style-type: none"> • Airbnb worked with councils to draft regulation favorable to their platform (i.e., London's 90-day cap is below Airbnb's average of 65 nights per property) • NYC allows shared room rentals and long-term stays, which favors Airbnb's mix over Vrbo and Booking.com • Majority of regulations adversely impacts property managers with multiple listings, who are more likely to list with Vrbo • Cities that implement short-term rental regulation have reduced Vrbo market share compared to Airbnb (AirDNA)
 Increased house-sharing competition from OTA's could decrease future ADRs and margins	<ul style="list-style-type: none"> • Airbnb's take rates are in line with other primary competitors (Booking.com 14.1% and Expedia 12.3%) • With Aircover Insurance and 24/7 support, Airbnb is offering significantly more value than other OTA's
 High penetration in urban markets could deaccelerate future growth	<ul style="list-style-type: none"> • Airbnb's current mix is split 50-50 between urban and non-urban • Airbnb has opportunities to accelerate growth with long-term stays (21% of nights booked in '22 vs. 13% in '19)
 Hosts cross-listing properties in competing marketplaces	<ul style="list-style-type: none"> • 90% of Airbnb's hosts are individual and 83% of individual hosts will only list on Airbnb (Transparent). Airbnb disclosed that ~72% of listings are exclusive to its platform • Airbnb's product improvements (Aircover, pricing tools) further differentiate their offerings from other apps
 Disintermediation risk: hosts start charging guests outside the Airbnb platform	<ul style="list-style-type: none"> • Airbnb offers many features including payments, Aircover (for hosts and guests), and screening services. Discussions on hosting forums show that hosts are generally suspicious of guests going outside the platform
 Reversion to pre-COVID behaviors	<ul style="list-style-type: none"> • Work from home trend is here to stay. According to a recent McKinsey study, of 158mm people currently employed, 35% have full remote work, and 23% have partial remote work. An expert working at a travel company confirmed continued interest in flexcations, 7+ day stays, and 30+ day stays. Stanford study shows new companies have 81% WFH

APPENDIX

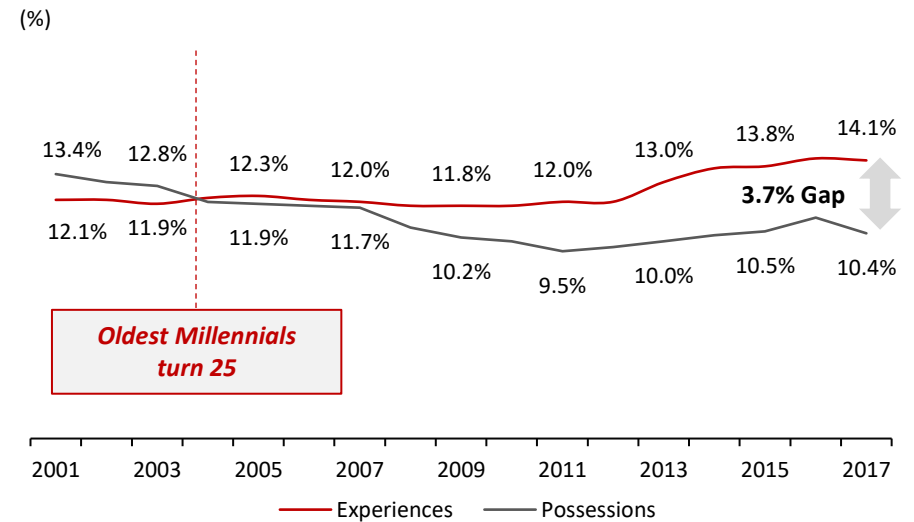
Appendix I: Industry Outlook

Industry Tailwinds

Travel Industry Growth⁽¹⁾



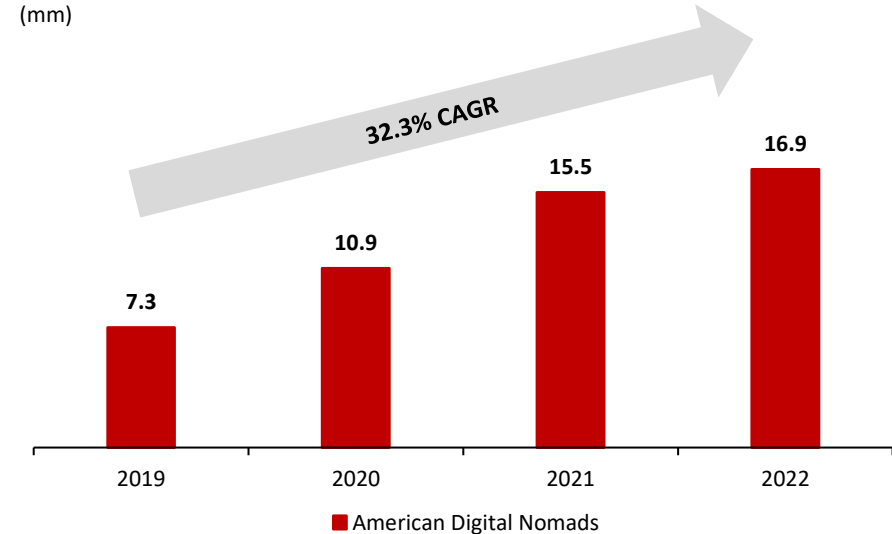
Consumer Share of Wallet (Experiences vs Possessions)



ADR growth upside in LATAM and APAC regions



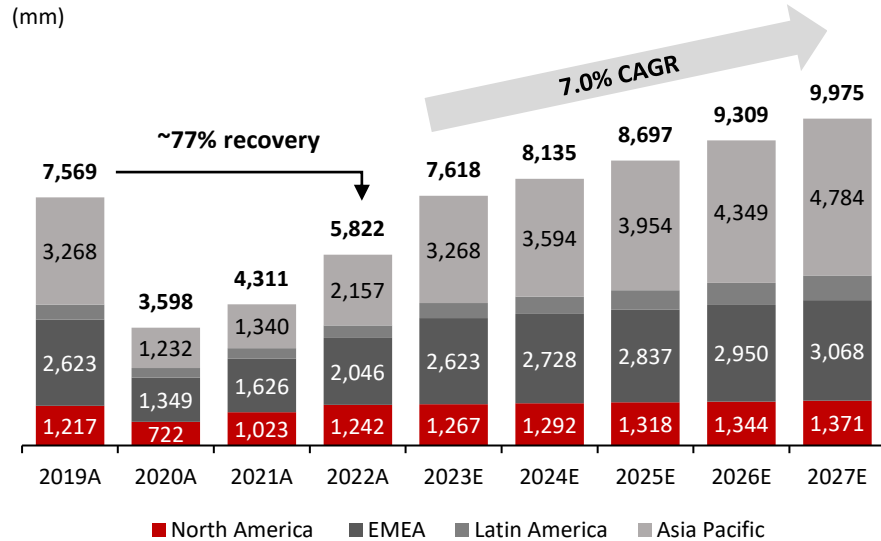
American Digital Nomad Growth



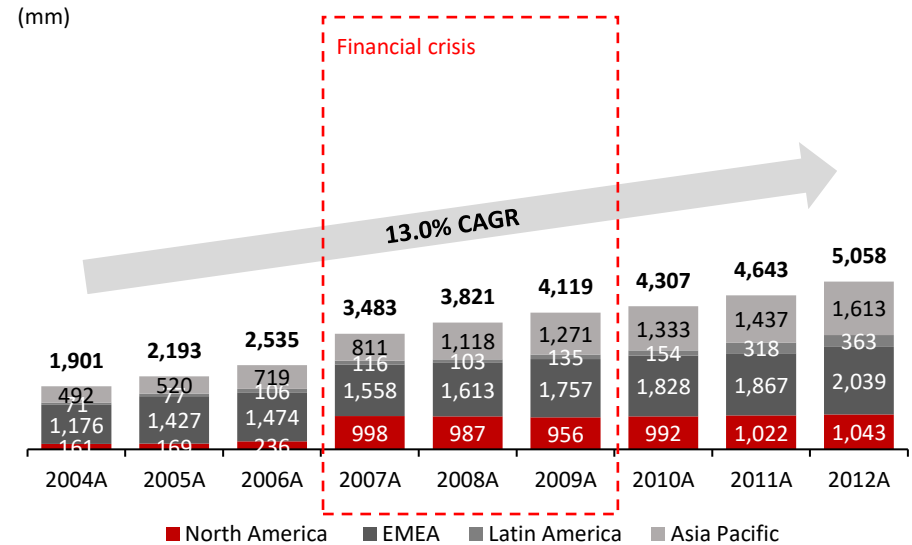
Appendix II: Valuation

Base Case: Projected Nights Booked

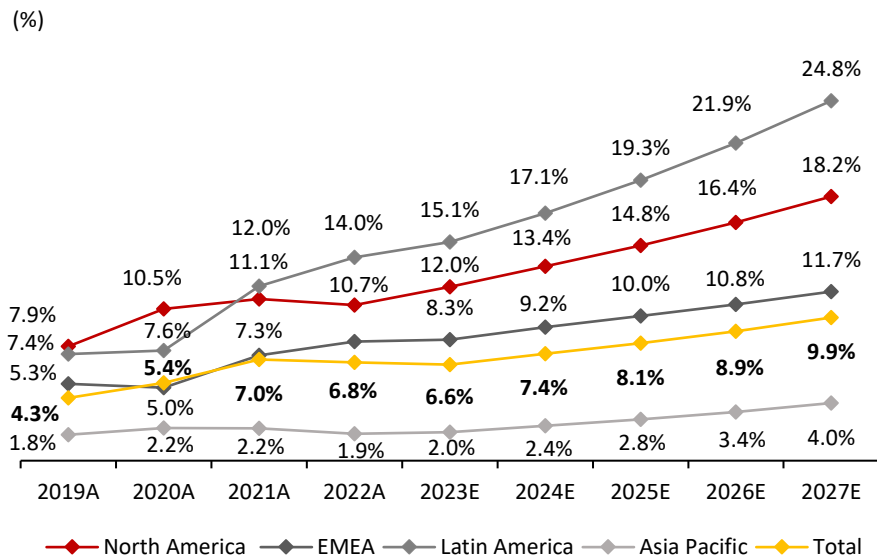
Nights TAM (Short-term rentals)



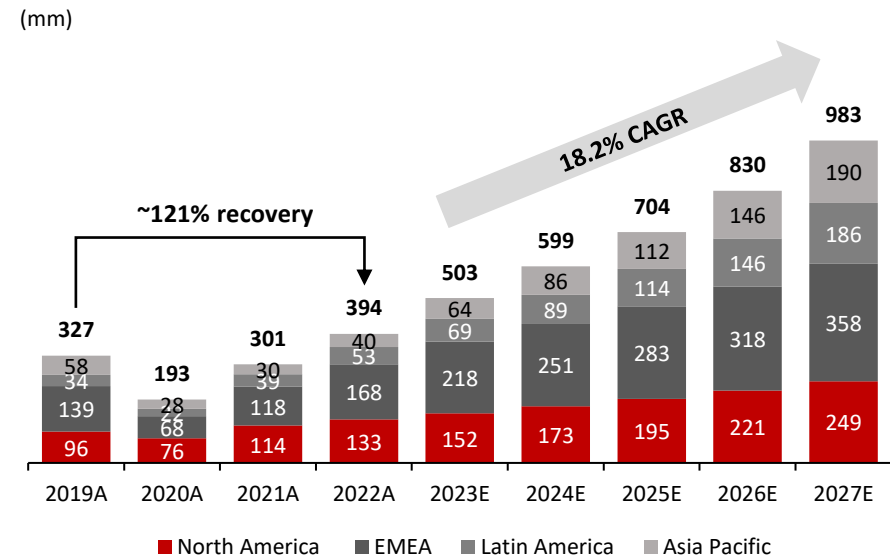
Nights TAM did not decrease during last recession



Airbnb's Market Share

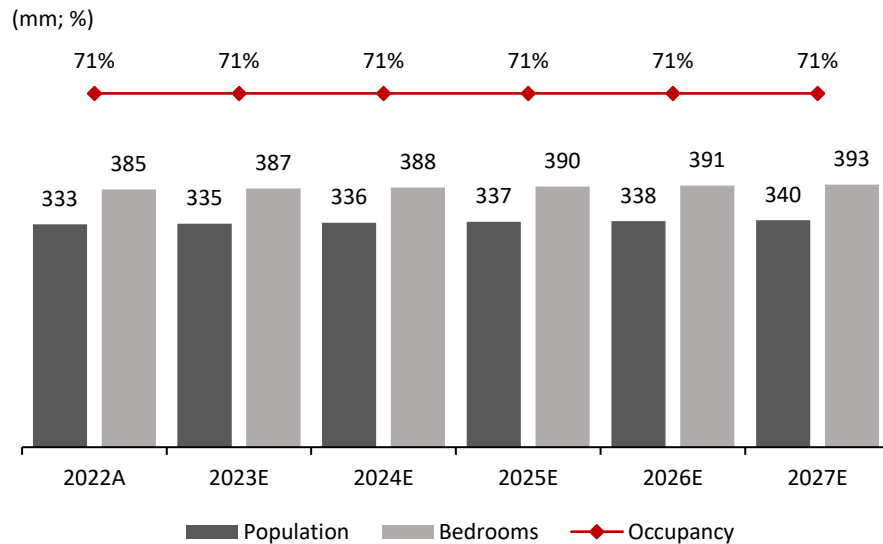


Airbnb's Nights Booked

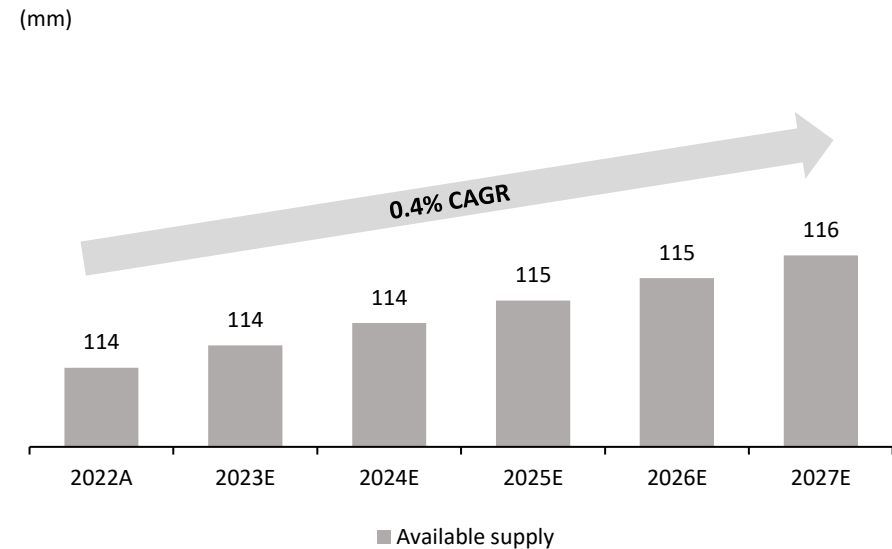


Base Case: US Market Penetration of Private Rooms TAM

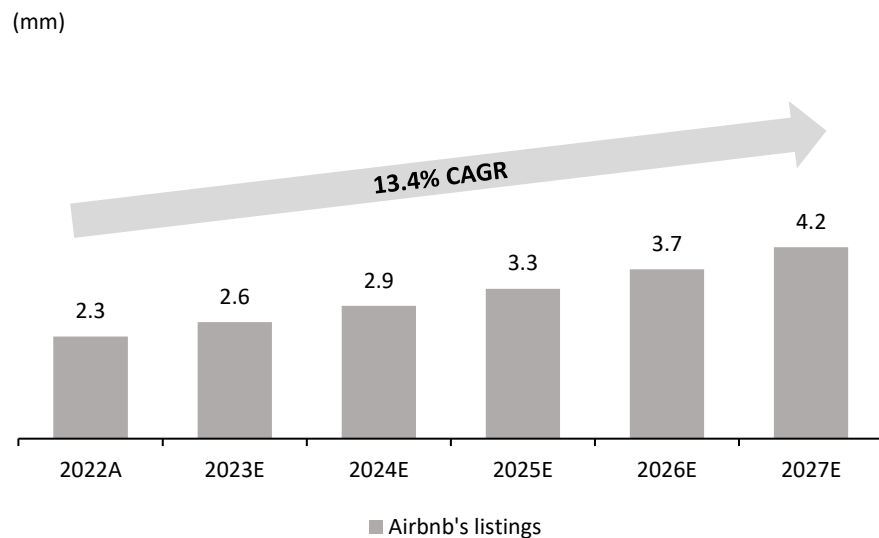
Population and Number of Bedrooms in the US



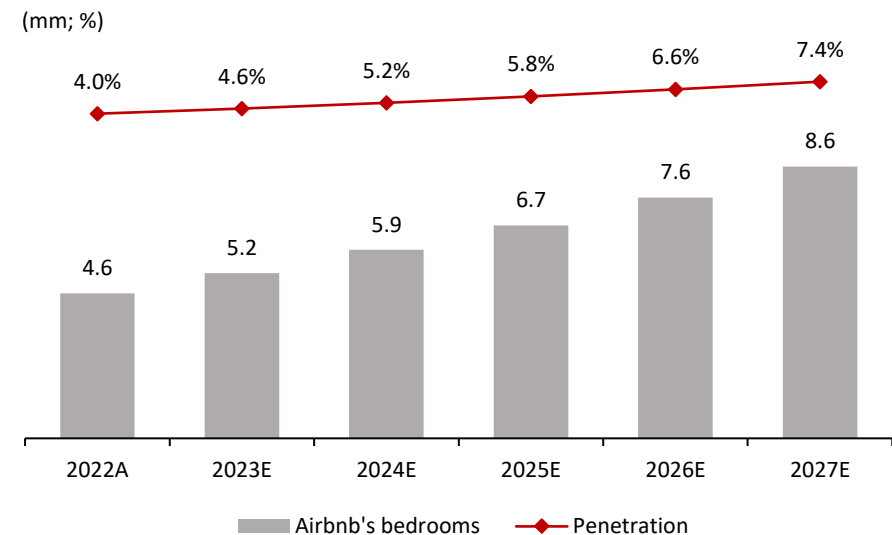
Available Supply in the US



Airbnb's Listings in the US



Airbnb's Bedrooms and Penetration in the US



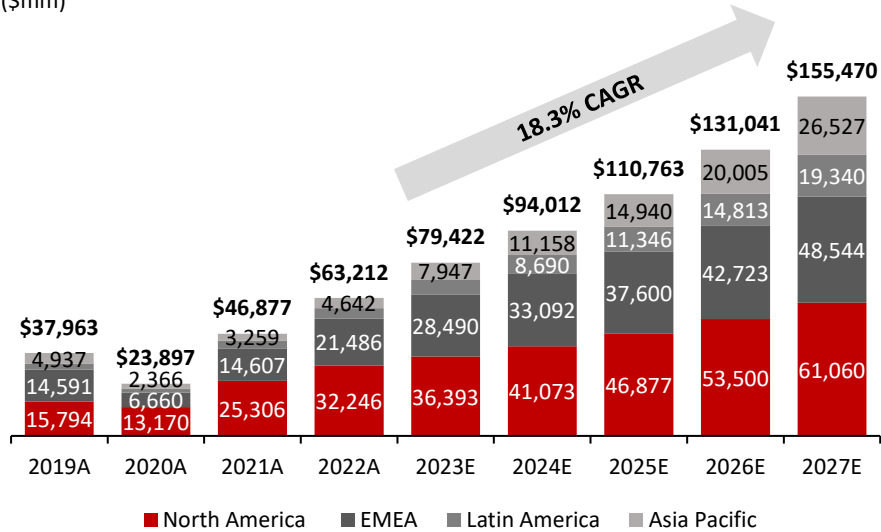
Note: Assumes 2.7 bedrooms per housing unit. Occupancy is calculated by dividing total population less married couples by number of bedrooms.

Source: Unites States Census Bureau, Company filings, Statista, model base case assumptions.

Base Case: Projected Revenues

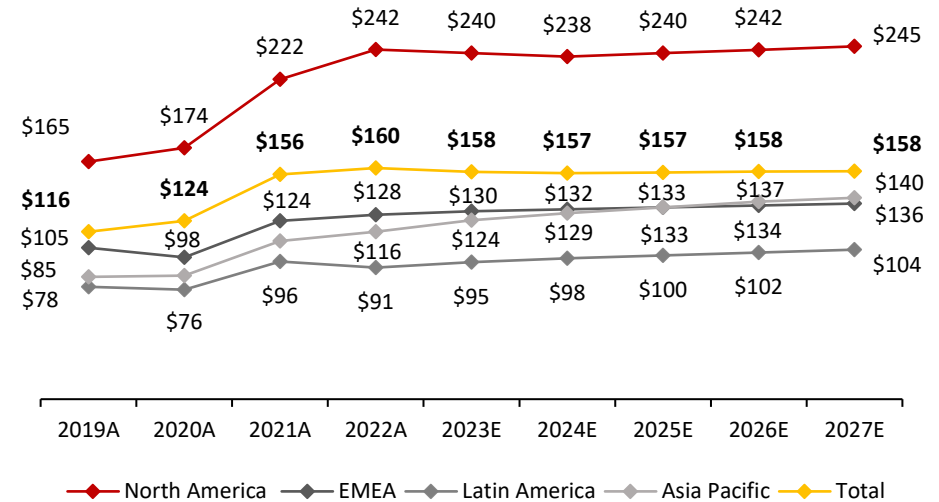
Gross Booking Value

(\$mm)



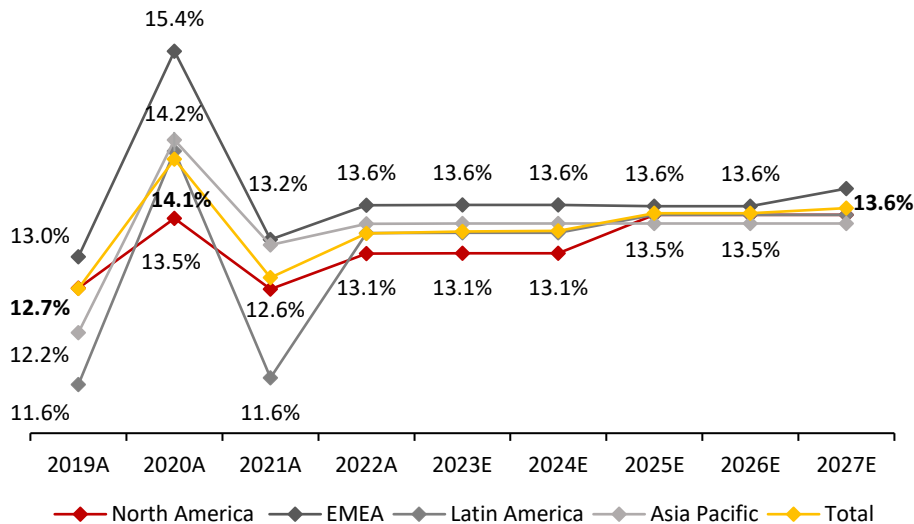
ADRs

(\$)



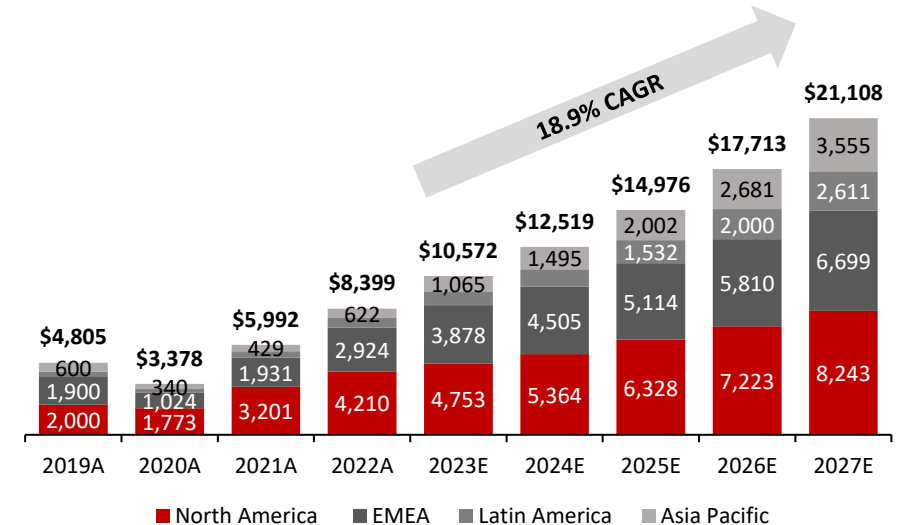
Take Rate

(%)



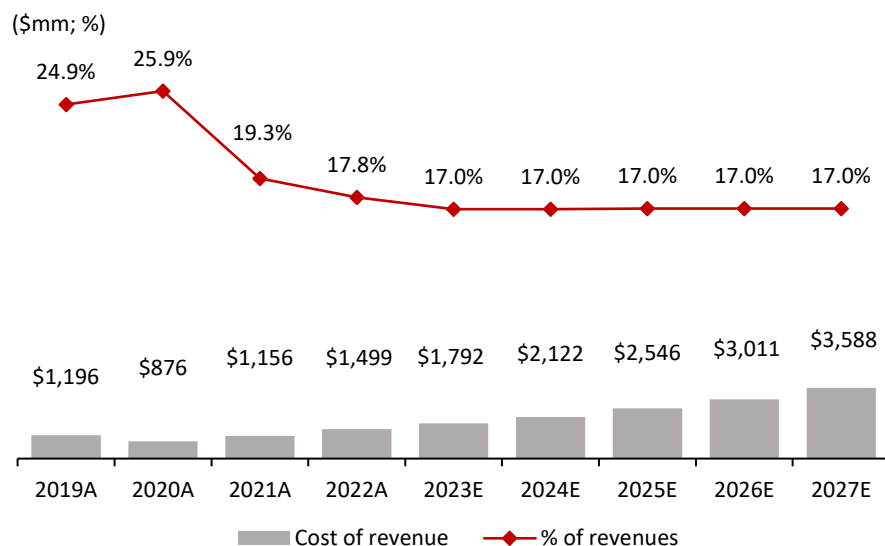
Revenue

(\$mm)

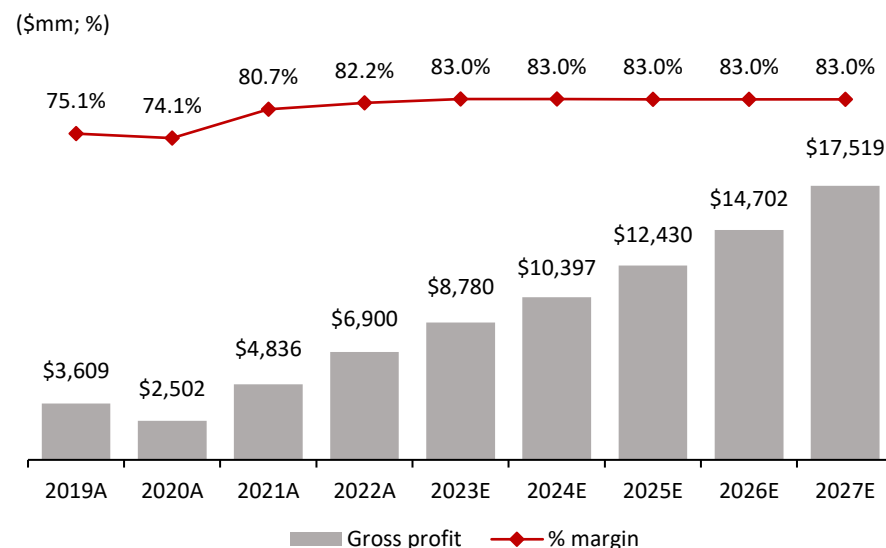


Base Case: Projected Costs, Gross Profit and Opex

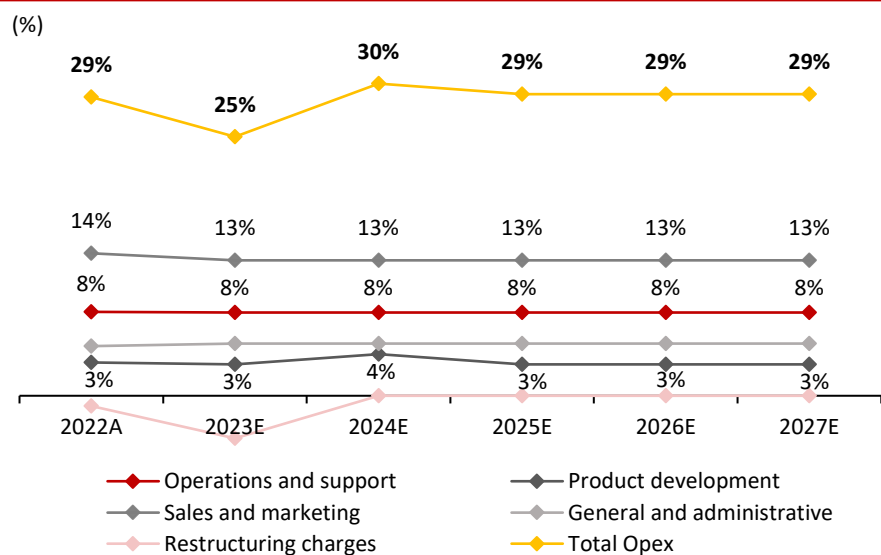
Cost of Revenue



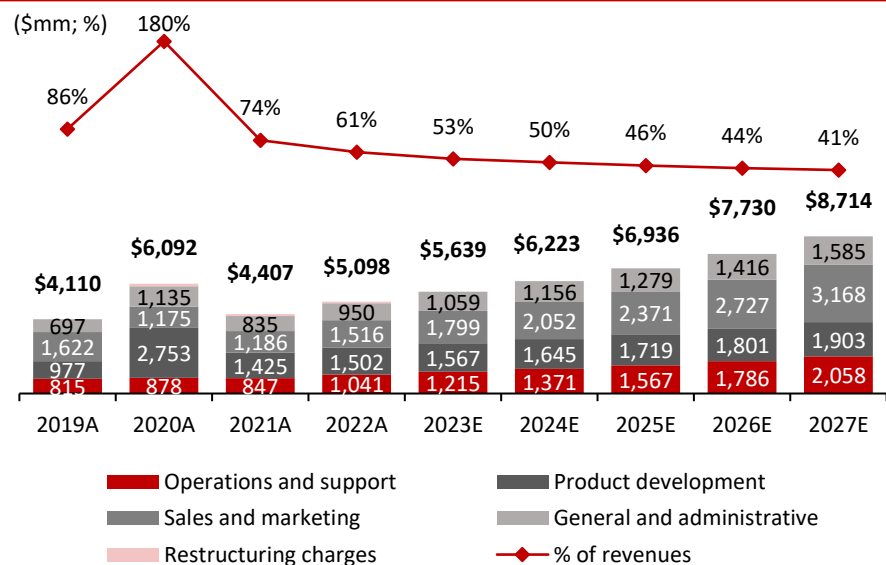
Gross Profit



Increase in Opex as % of increase in Revenue



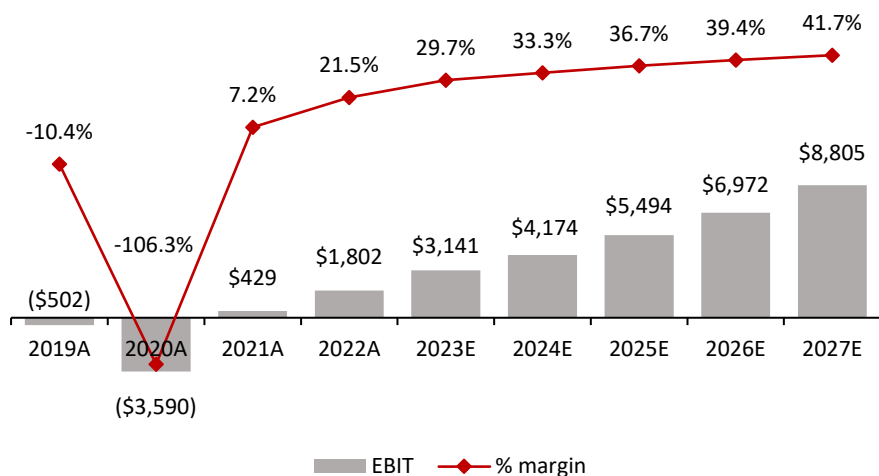
Opex



Base Case: Projected EBIT, EBITDA, Net Income and UFCF

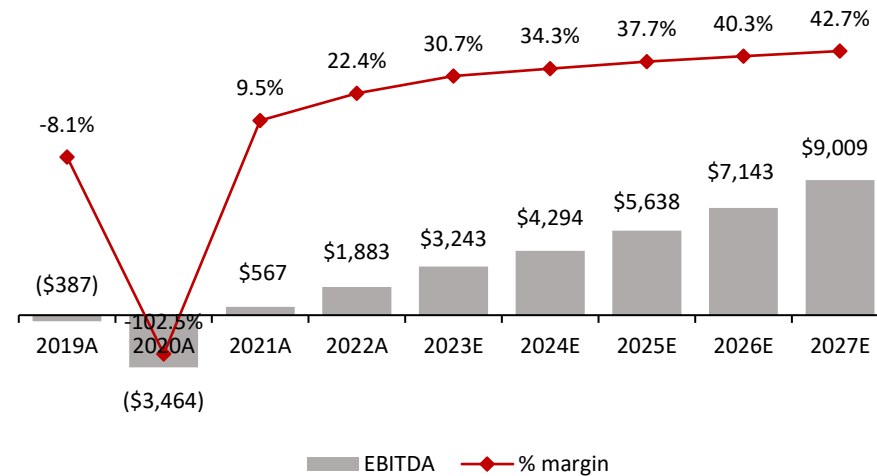
EBIT

(\$mm; %)



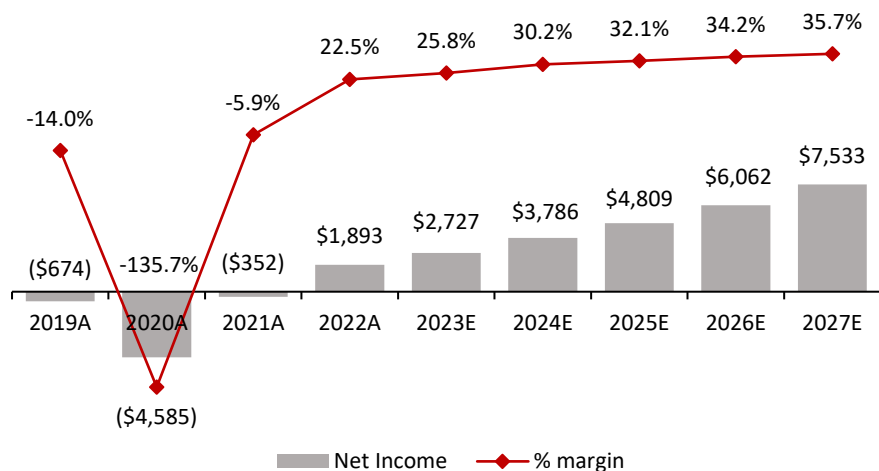
EBITDA

(\$mm; %)



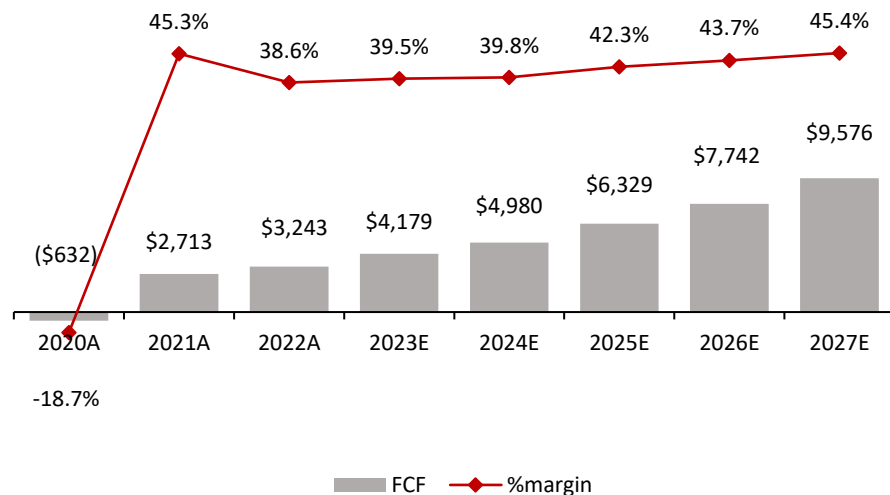
Net Income

(\$mm; %)



Unlevered Free Cash Flow

(\$mm; %)



Base Case: Valuation Output

Base Case Unlevered Free Cash Flow									
(In US\$ million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	CAGR
Revenue	3,378	5,992	8,399	10,572	12,519	14,976	17,713	21,108	20.2%
% Y/Y growth		77.4%	40.2%	25.9%	18.4%	19.6%	18.3%	19.2%	
(-) Cost of revenue	876	1,156	1,499	1,792	2,122	2,546	3,011	3,588	19.1%
Gross Profit	2,502	4,836	6,900	8,780	10,397	12,430	14,702	17,519	20.5%
(-) Total Opex	6,092	4,407	5,098	5,639	6,223	6,936	7,730	8,714	11.3%
(+) D&A	126	138	81	102	121	144	171	203	20.2%
EBITDA	(3,464)	567	1,883	3,243	4,294	5,638	7,143	9,009	36.8%
% margin	-102.5%	9.5%	22.4%	30.7%	34.3%	37.7%	40.3%	42.7%	
(-) D&A	126	138	81	102	121	144	171	203	20.2%
EBIT	(3,590)	429	1,802	3,141	4,174	5,494	6,972	8,805	37.3%
% margin	-106.3%	7.2%	21.5%	29.7%	33.3%	36.7%	39.4%	41.7%	
% Effective tax rate	2.7%	12.1%	5.3%	21.7%	22.7%	21.9%	21.7%	21.4%	
(-) Tax	(97)	52	96	682	946	1,202	1,516	1,883	81.4%
NOPAT	(3,493)	377	1,706	2,459	3,227	4,292	5,457	6,922	32.3%
(+) D&A	126	138	81	102	121	144	171	203	20.2%
(-) CAPEX	37	25	25	31	37	45	53	63	20.2%
(-) Change in WC	395	(761)	(319)	(522)	(425)	(550)	(621)	(771)	19.3%
(+) SBC	3,003	899	930	1,128	1,245	1,387	1,546	1,743	13.4%
(+) Other	164	562	232	-	-	-	-	-	-100.0%
FCF (Unlevered)	(632)	2,713	3,243	4,179	4,980	6,329	7,742	9,576	24.2%
OCF - Capex + Interest	(632)	2,713	3,243	4,179	4,980	6,329	7,742	9,576	24.2%
FCF Multiple		35.5x	21.9x	20.0x	20.0x	20.0x	20.0x	20.0x	
EV		96,200	70,905	83,586	99,598	126,584	154,845	191,517	
Minus: Net Debt		6,340	7,635	12,083	17,621	24,468	32,815	43,002	
Market Cap		102,540	78,540	95,669	117,219	151,052	187,660	234,520	
Shares outstanding		616	680	689	699	709	718	728	
Target Share Price		\$166.5	\$115.5	\$138.8	\$167.7	\$213.2	\$261.3	\$322.0	
Current Share Price	\$115.5								
5 Year Target Price	\$322.0								
Upside	178.8%								
5 Year IRR	22.8%								
MOIC	2.79x								

1 Market share: 9.9%
Nights: 983.2
ADR: \$158.1
Take rate: 13.6%

2 ~17% of revenue

3 Increase in Opex as % of increase in revenue: ~30%

4 ~20% of Opex

5 Share count growing with share-based count

Source: Company filings, model base case assumptions.

Bear Case: Valuation Output

Bear Case Unlevered Free Cash Flow									
(In US\$ million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	CAGR
Revenue	3,378	5,992	8,399	9,471	9,920	10,378	10,863	11,399	6.3%
% Y/Y growth		77.4%	40.2%	12.8%	4.7%	4.6%	4.7%	4.9%	
(-) Cost of revenue	876	1,156	1,499	1,678	1,758	1,868	1,955	2,052	6.5%
Gross Profit	2,502	4,836	6,900	7,793	8,163	8,510	8,908	9,347	6.3%
(-) Total Opex	6,092	4,407	5,098	5,416	5,587	5,761	5,945	6,149	3.8%
(+) D&A	126	138	81	91	96	100	105	110	6.3%
EBITDA	(3,464)	567	1,883	2,468	2,671	2,849	3,067	3,308	11.9%
% margin	-102.5%	9.5%	22.4%	26.1%	26.9%	27.5%	28.2%	29.0%	
(-) D&A	126	138	81	91	96	100	105	110	6.3%
EBIT	(3,590)	429	1,802	2,376	2,576	2,749	2,962	3,198	12.2%
% margin	-106.3%	7.2%	21.5%	25.1%	26.0%	26.5%	27.3%	28.1%	
% Effective tax rate	2.7%	12.1%	5.3%	22.1%	23.8%	23.2%	23.1%	22.6%	
(-) Tax	(97)	52	96	526	613	637	685	722	49.7%
NOPAT	(3,493)	377	1,706	1,850	1,963	2,112	2,277	2,476	7.7%
(+) D&A	126	138	81	91	96	100	105	110	6.3%
(-) CAPEX	37	25	25	28	30	31	32	34	6.3%
(-) Change in WC	395	(761)	(319)	(349)	(88)	(64)	(123)	(136)	-15.7%
(+) SBC	3,003	899	930	1,083	1,117	1,152	1,189	1,230	5.7%
(+) Other	164	562	232	-	-	-	-	-	-100.0%
FCF (Unlevered)	(632)	2,713	3,243	3,346	3,234	3,398	3,662	3,918	3.9%
OCF - Capex + Interest	(632)	2,713	3,243	3,346	3,234	3,398	3,662	3,918	3.9%
FCF Multiple		35.5x	21.9x	15.0x	15.0x	15.0x	15.0x	14.0x	
EV		96,200	70,905	50,183	48,511	50,965	54,930	54,848	
Minus: Net Debt		6,340	7,635	11,235	14,958	18,793	22,918	27,250	
Market Cap		102,540	78,540	61,419	63,469	69,758	77,849	82,098	
Shares outstanding		616	680	689	698	706	713	720	
Target Share Price		\$166.5	\$115.5	\$89.1	\$91.0	\$98.9	\$109.2	\$114.0	
Current Share Price		\$115.5							
5 Year Target Price		\$114.0							
Upside		-1.3%							
5 Year IRR		-0.3%							
MOIC		0.99x							

1 Market share: 6.4%
Nights: 634.5
ADR: \$142.6
Take rate: 12.6%

2 ~18% of revenue

3 Increase in Opex as
% of increase in
revenue: ~38%

4 ~20% of Opex

5 Share count growing
with share-based
count

Bull Case: Valuation Output

Bull Case Unlevered Free Cash Flow									
(In US\$ million)	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	CAGR
Revenue	3,378	5,992	8,399	11,266	14,430	18,089	23,064	30,299	29.3%
% Y/Y growth		77.4%	40.2%	34.1%	28.1%	25.4%	27.5%	31.4%	
(-) Cost of revenue	876	1,156	1,499	1,911	2,448	3,075	3,921	5,151	28.0%
Gross Profit	2,502	4,836	6,900	9,355	11,982	15,014	19,143	25,148	29.5%
(-) Total Opex	6,092	4,407	5,098	5,812	6,666	7,617	8,811	10,548	15.7%
(+) D&A	126	138	81	109	139	175	223	293	29.3%
EBITDA	(3,464)	567	1,883	3,652	5,456	7,571	10,554	14,893	51.2%
% margin	-102.5%	9.5%	22.4%	32.4%	37.8%	41.9%	45.8%	49.2%	
(-) D&A	126	138	81	109	139	175	223	293	29.3%
EBIT	(3,590)	429	1,802	3,543	5,316	7,396	10,332	14,600	52.0%
% margin	-106.3%	7.2%	21.5%	31.4%	36.8%	40.9%	44.8%	48.2%	
% Effective tax rate	2.7%	12.1%	5.3%	21.6%	22.3%	21.5%	21.4%	21.0%	
(-) Tax	(97)	52	96	764	1,184	1,593	2,206	3,071	100.0%
NOPAT	(3,493)	377	1,706	2,779	4,132	5,803	8,125	11,529	46.5%
(+) D&A	126	138	81	109	139	175	223	293	29.3%
(-) CAPEX	37	25	25	34	43	54	69	90	29.3%
(-) Change in WC	395	(761)	(319)	(659)	(663)	(815)	(1,055)	(1,534)	36.9%
(+) SBC	3,003	899	930	1,162	1,333	1,523	1,762	2,110	17.8%
(+) Other	164	562	232	-	-	-	-	-	-100.0%
FCF (Unlevered)	(632)	2,713	3,243	4,676	6,225	8,262	11,096	15,375	36.5%
OCF - Capex + Interest	(632)	2,713	3,243	4,676	6,225	8,262	11,096	15,375	36.5%
FCF Multiple		35.5x	21.9x	20.0x	20.0x	20.0x	20.0x	20.0x	
EV		96,200	70,905	93,513	124,501	165,249	221,927	307,497	
Minus: Net Debt		6,340	7,635	12,587	19,418	28,251	40,047	56,178	
Market Cap		102,540	78,540	106,101	143,918	193,500	261,974	363,675	
Shares outstanding		616	680	690	700	710	722	734	
Target Share Price		\$166.5	\$115.5	\$153.8	\$205.6	\$272.4	\$363.1	\$495.7	
Current Share Price	\$115.5								
5 Year Target Price	\$495.7								
Upside	329.2%								
5 Year IRR	33.8%								
MOIC	4.29x								

1 Market share: 12.3%
Nights: 1,222.4
ADR: \$177.1
Take rate: 14.0%

2 ~17% of revenue

3 Increase in Opex as % of increase in revenue: ~25%

4 ~20% of Opex

5 Share count growing with share-based count

Source: Company filings, model base case assumptions.

Base Case: Sensitivity Analysis

Sensitivity to 2027E Nights Booked and ADRs								
IRR (%)								
	Market share (%):	5.8%	6.9%	7.7%	9.9%	10.4%	12.3%	14.3%
	Nights booked (mm):	576.4	692.9	767.3	983.2	1,036.1	1,222.4	1,422.1
ADRs (US\$)	\$123.4	2.4%	7.1%	9.8%	16.1%	17.6%	22.1%	26.2%
	\$138.1	5.6%	10.2%	12.9%	19.1%	20.5%	24.9%	28.9%
	\$150.1	7.9%	12.4%	15.1%	21.3%	22.7%	27.0%	31.0%
	\$158.1	9.4%	13.9%	16.5%	22.8%	24.1%	28.3%	32.2%
	\$163.3	10.3%	14.7%	17.4%	23.7%	25.0%	29.3%	33.2%
	\$179.9	13.1%	17.5%	20.2%	26.4%	27.8%	32.1%	36.1%
	\$193.1	15.0%	19.5%	22.1%	28.4%	29.8%	34.2%	38.2%

2022A:

Nights booked: 394.0mm
Market share: 6.8%
ADRs: \$160.4

Base Case 2027E:

Nights booked: 983.2mm
Market share: 9.9%
ADRs: \$158.1

Positively skewed returns profile with downside protection

Public Comparables (Current LTM Multiples)

Company Name	Market Cap	Enterprise Value	Revenues	EBITDA	Net Income	FCF	LTM			
							EV / Revenues	EV / EBITDA	EV / FCF	P / E
(In US\$ million)										
OTAs										
Booking Holdings	107,628	107,717	17,090	5,553	3,058	6,320	6.3x	19.4x	17.0x	35.2x
Expedia Group	15,172	18,713	11,667	1,877	352	2,916	1.6x	10.0x	6.4x	43.1x
MakeMyTrip	2,531	2,259	533	27	-21	12	4.2x	83.0x	186.0x	NA
Despegar.com	451	233	517	31	-66	67	0.5x	7.6x	3.5x	NA
Mean							3.1x	30.0x	53.2x	39.1x
Median							2.9x	14.7x	11.7x	39.1x
Listing and Meta Search Websites										
Tripadvisor	2,624	2,439	1,492	198	20	353	1.6x	12.3x	6.9x	131.2x
Hotel Chains										
Marriott	56,823	66,241	20,773	3,655	2,358	2,316	3.2x	18.1x	28.6x	24.1x
Hilton	41,002	48,380	8,773	2,256	1,257	1,943	5.5x	21.4x	24.9x	32.6x
Mean							4.4x	19.8x	26.7x	28.4x
Median							4.4x	19.8x	26.7x	28.4x
Property Management Companies										
Vacasa	168	317	1,162	-105	-148	-60	0.3x	NA	NA	NA
Sonder Holdings	111	38	461	-256	-151	-156	0.1x	NA	NA	NA
Mean							0.2x	NA	NA	NA
Median							0.2x	NA	NA	NA
Airbnb	78,540	70,905	8,399	1,883	1,893	3,243	8.4x	37.7x	21.9x	41.5x
All peer groups										
Mean							2.6x	24.5x	39.1x	53.2x
Median							1.6x	18.1x	17.0x	35.2x

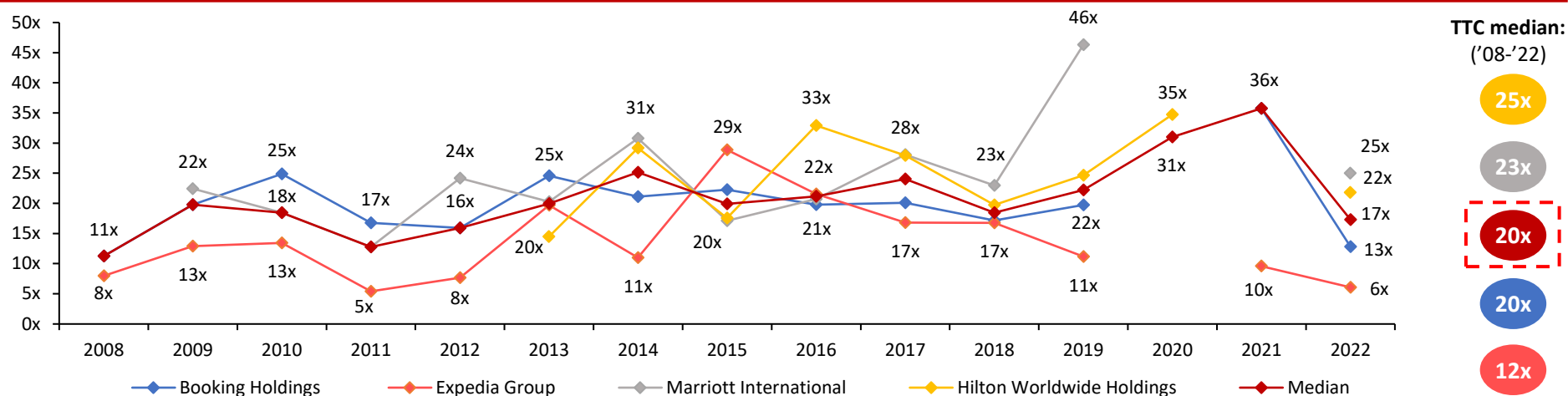
Airbnb is currently trading at a ~28% premium to peer group median EV / FCF LTM

Note: Market Cap was calculated using diluted shares. Unlevered FCF was calculated using the following formula: Cash from Operations – Capex + Net Interest Expense (after tax).

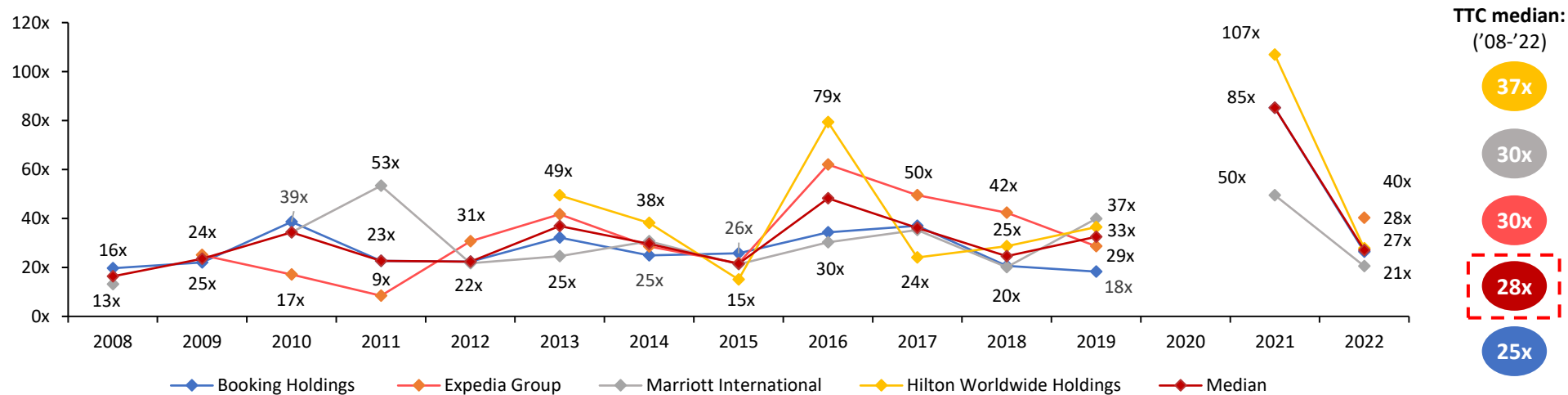
Source: CapitalIQ as of 04/21/2023.

Public Comparables (Through-the-cycle LTM Multiples)

EV / FCF LTM



P / E LTM



Airbnb's Exit Multiple under the Base Case scenario is in line with the peer group EV / FCF LTM Through-the-cycle median

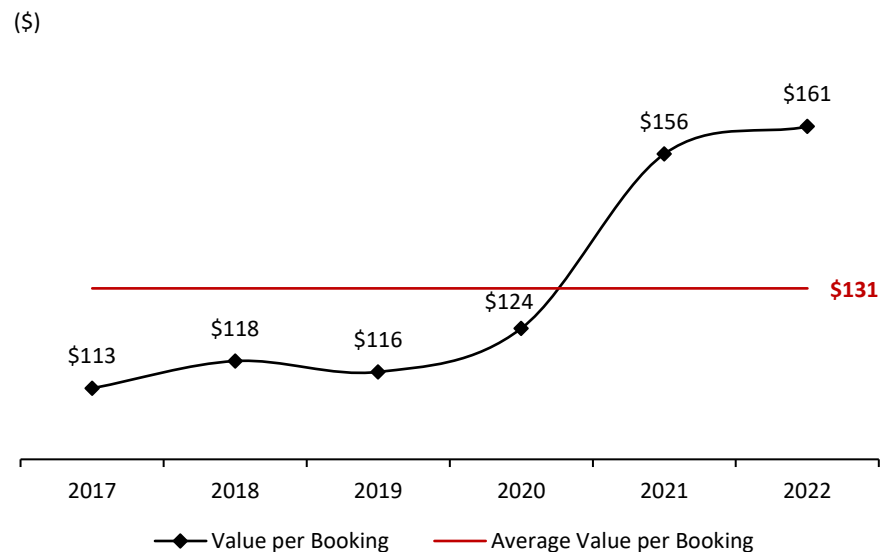
Note: Excludes negative multiples and outliers.

Source: CapitalIQ.

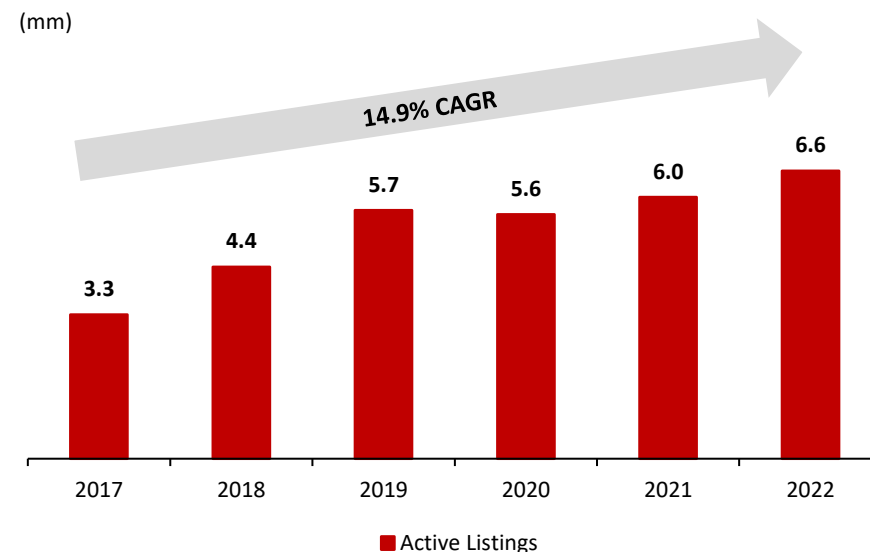
Appendix III: Business Model

Supply and Demand Dynamics

Historical ADRs



Historical Active Listings



Demand Drivers

- 1 Superior value in comparison to the average hotel
- 2 One-of-a-kind spaces that are unavailable through hotel platforms
- 3 Feel at home, with amenities not provided at a hotel
- 4 Travel like a local through host recommendations
- 5 Authentic experiences hosted by hosts through ABNB Experiences

Supply Drivers

- 1 Hosts earn extra income on otherwise unused property
- 2 Connecting with guests and showing them the local community
- 3 Share skills and passions with guests through ABNB Experiences
- 4 Reducing barriers to hosting through product, referrals, and mentorship

Uniquely positioned to capture outsized travel demand through rapid listings growth

Illustrative Nights Booked and Customer Acquisition

ABNB Illustrative Night Booked

Host:

Price per night set by host	\$100
Less: Host fees (illustrative)	\$3

Total paid to host **\$97**

Guest:

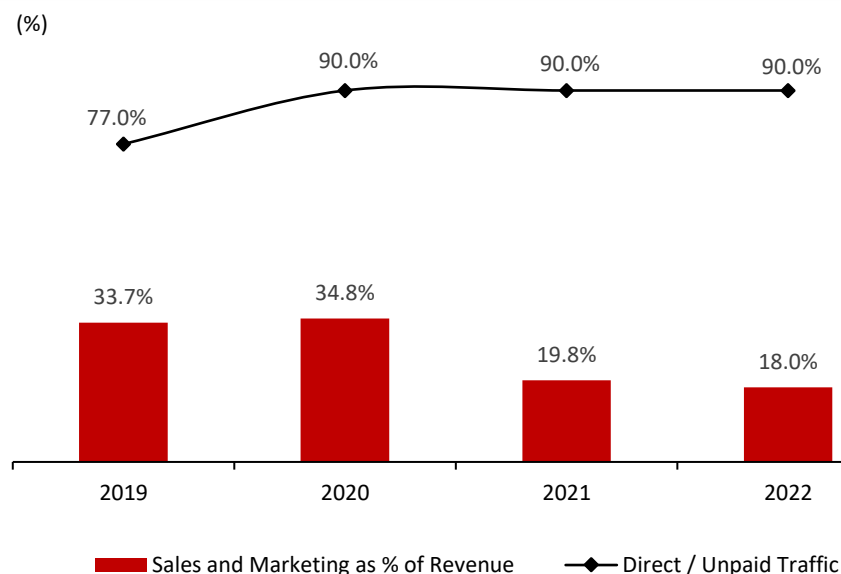
Price per night set by host	\$100
Guest fees (illustrative)	\$12
Lodging taxes (pass through and remitted to local authorities; illustrative)	\$4

Total collected from guest (GBV) **\$116**

Airbnb:

Total service fees (collected at booking and recognized as revenue upon check-in)	\$15
2022 FCF Conversion Percentage	40.0%
ABNB Night Booked FCF (illustrative)	\$6

Customer Acquisition











“Supply acquisition is organic – outside of some marketing campaigns and product improvements, they have to do very little to bring more hosts onto the platform.”

**Former Head of Global Growth and Experiences,
03/31/2023**

The platform nature of ABNB’s business allows for superior FCF generation with an asset light business model

ABNB vs Hotels Value Proposition

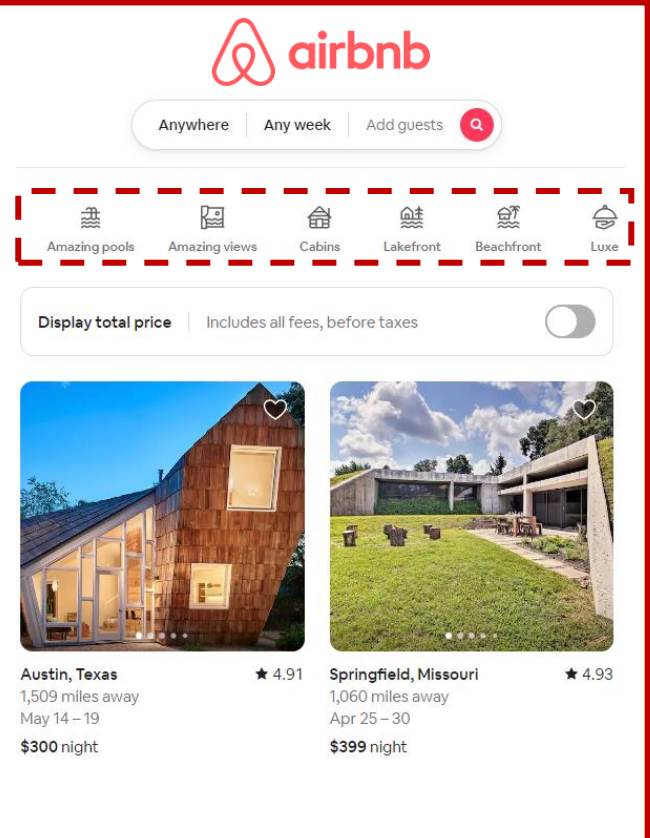
City	Tokyo		London		Paris		New York	
Listing	Airbnb 1BR APT	Hotel Room	Airbnb 1BR APT	Hotel Room	Airbnb 1BR APT	Hotel Room	Airbnb 1BR APT	Hotel Room
Price	\$1,297 per week	\$1,665 per week	\$1,495 per week	\$1,780 per week	\$1,633 per week	\$2,134 per week	\$1,518 per week	\$1,857 per week
Room Amen.	Kitchen, Dining, W/D	N/A	Kitchen, Dining, W/D	N/A	Kitchen, Dining, Living room, W/D	N/A	Kitchen, Dining, W/D	N/A

ABNB				
Hotel				

For each city that we checked, Airbnb provided a better value proposition (same dates and location)

Appendix IV: Product Overview

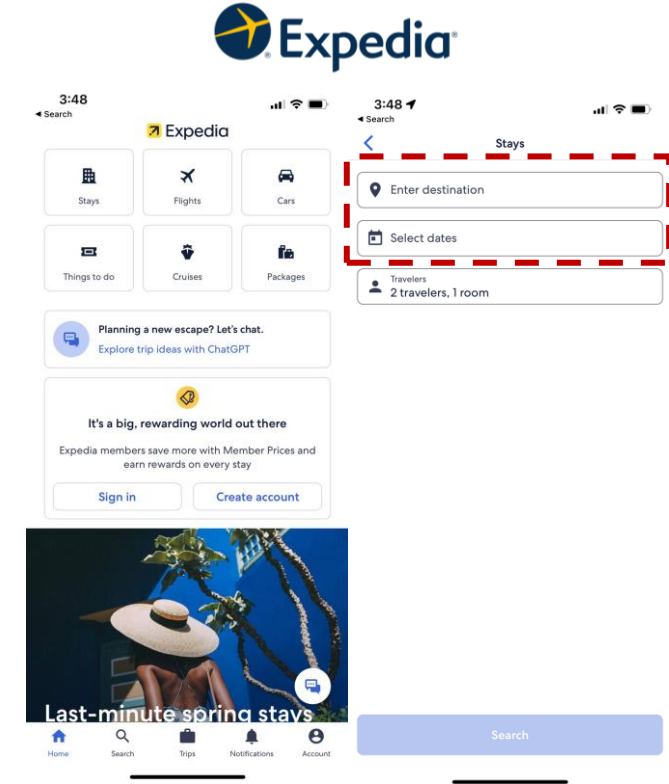
ABNB User Experience vs Peers



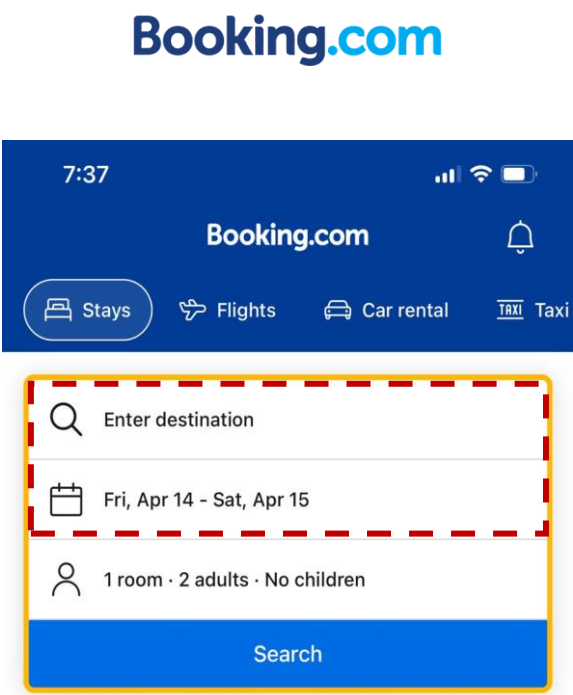
The Airbnb mobile app interface is shown. At the top, the Airbnb logo is followed by search filters: 'Anywhere', 'Any week', and 'Add guests'. Below this is a row of category icons: 'Amazing pools', 'Amazing views', 'Cabins', 'Lakefront', 'Beachfront', and 'Luxe'. A toggle switch for 'Display total price' is set to 'On'. Two property cards are displayed: one in Austin, Texas (1,509 miles away, May 14-19, \$300/night) and one in Springfield, Missouri (1,060 miles away, Apr 25-30, \$399/night). The interface is highlighted with a red dashed border.

Categories

- Matching users with one-of-a-kind properties
- Unique and differentiated
- Points demand to available supply



The Expedia mobile app interface is shown. At the top, the Expedia logo is followed by search filters: 'Where', 'When', and 'Who'. Below this is a grid of travel options: 'Stays', 'Flights', 'Cars', 'Things to do', 'Cruises', and 'Packages'. A search bar for 'Stays' is highlighted with a red dashed border. Below the search bar, there are promotional banners for 'Planning a new escape?' and 'It's a big, rewarding world out there'. The interface is highlighted with a red dashed border.



The Booking.com mobile app interface is shown. At the top, the Booking.com logo is followed by search filters: 'Where', 'When', and 'Who'. Below this is a search bar for 'Enter destination'. Below the search bar, there are filters for 'Fri, Apr 14 - Sat, Apr 15' and '1 room · 2 adults · No children'. A 'Search' button is at the bottom. The interface is highlighted with a red dashed border.

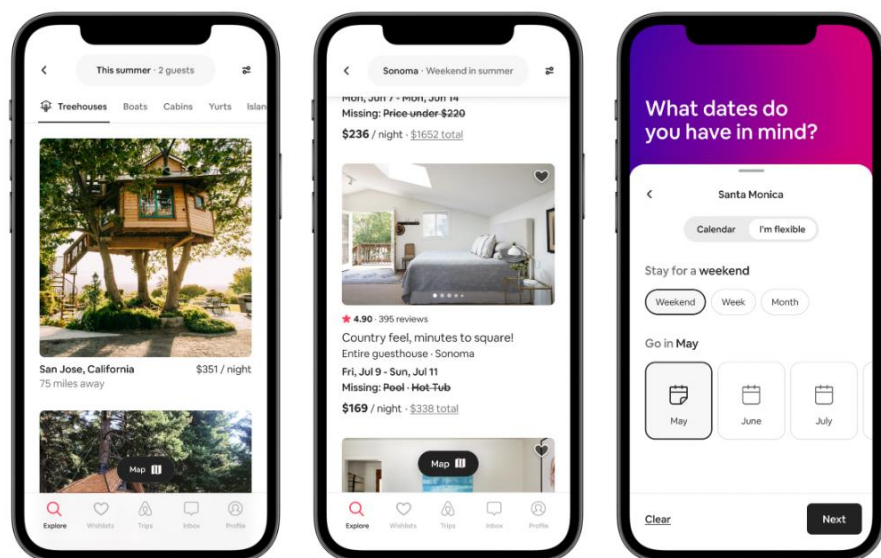
City & Date	
	Traditional search for hotels
	Common and commoditized
	Subject to supply shortage

ABNB's offers a far superior search user experience that inspires unique trips while balancing demand and supply

Airbnb Product Upgrades - 2021

Summer 2021

Flexibility designed for the new world of travel



Flexible destinations

A new way for guests to discover unique stays they might have otherwise missed.

Flexible matching

Includes listings that lie just outside a specified search, to show guests more options.

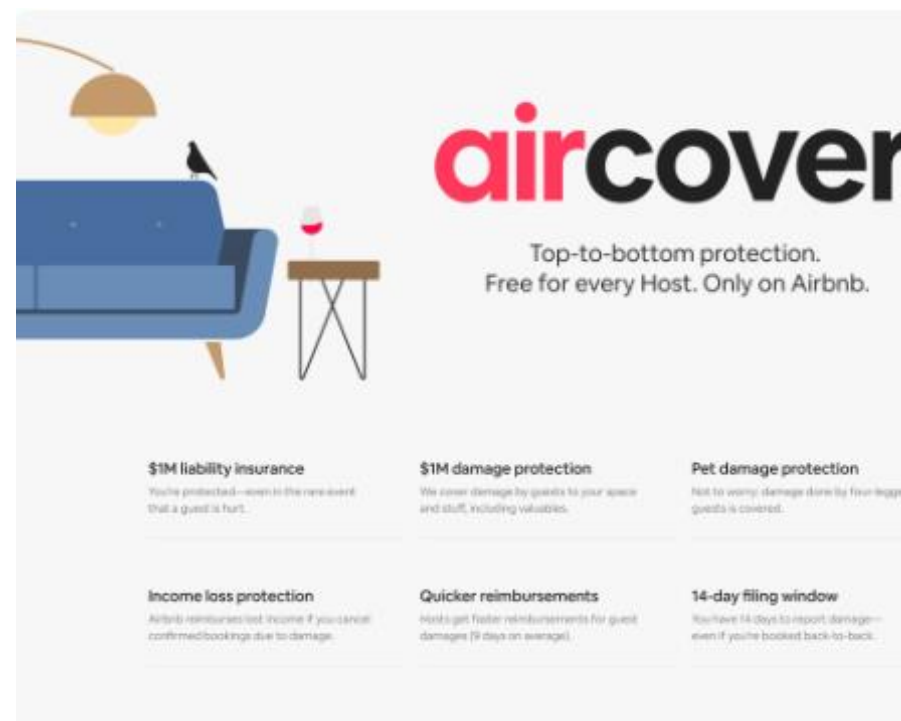
Flexible dates

Guests can now search for new options, from a weekend getaway to stays for a month or more.

Summer 2021 Release brought 100+ upgrades including:

- “I’m Flexible” feature allowed for flexible destinations, flexible dates, and flexible search (showing properties “just outside” search parameters)
- Guest experience simplified with arrival guides, curated wish lists, and faster checkout processes
- Hosting page simplified to “become a Host in 10 Steps”

Winter 2021



Winter 2021 Release brought 50+ upgrades including:

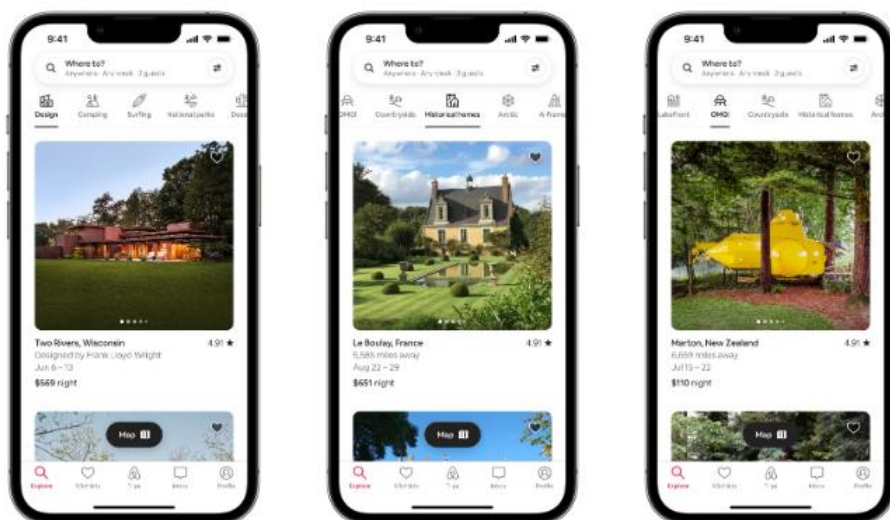
- AirCover provides hosts \$1 MM liability insurance, \$1 MM damage protection, 14-day filing window, and fast tracking Superhosts
- New host features such as “suggest price range”, “what’s my place worth”, and “intro to hosting” classes
- New guest features such as “seasonally-aware filters”, “Detailed amenities”, “Trip planning ideas”

Airbnb Product Upgrades - 2022

Summer 2022

Designed to help guests discover one-of-a-kind homes

Our Hosts offer millions of unique homes around the world. Airbnb Categories organize them into curated collections, with over 50 categories of homes chosen for their style, location, or nearby activities. They include:



Design

Historical homes

OMG!

Summer 2022 Release upgrades include:

- “Categories” feature allowing Guests to search for specific categories such as “Design”, and “OMG!”, allowing guests flexibility to plan the dates and location based on properties they find appealing
- AirCover for Guests includes Booking Protection, “Check-in Guarantee”, “Get-What-You-Booked” Guarantee, and 24hr support

Winter 2022



	Airbnb	Competitor
Guest identity verification	✓	✓
Reservation screening	✓	✗
\$3M damage protection	✓	✗
Art & valuables	✓	✗
Auto & boat	✓	✗
Pet damage	✓	✗
Income loss	✓	✗
Deep cleaning	✓	✗
\$1M liability insurance	✓	✓
24-hour safety line	✓	✗

Winter 2022 Release upgrades include:

- Aircover increased host damage protection to \$3m, added guest identity verification, reservation screening, and 24-hour safety line
- Airbnb Setup, which streamlines the host signup process with simplified steps, mentoring from Superhosts, and specialized support
- Additional host features such as “detailed reviews”, “Fast Pay”, “New Category Controls”, and Easier claims processes
- More “Categories” added to the platform, enhancing Guest search

Appendix V: ABNB Property IRRs

Host Unit Economics – NYC Super Host Data

Super Host Projections

REDACTED	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	Exit	TOTAL
REVENUES	413,400	454,740	482,024	510,946	541,603	574,099	608,545	645,057	683,761	724,786		
EXPENSES	(158,492)	(171,928)	(181,179)	(190,952)	(201,279)	(212,192)	(223,725)	(235,913)	(248,796)	(262,414)		
Taxes	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063		
Insurance	4,944	5,092	5,245	5,402	5,565	5,731	5,903	6,080	6,263	6,451		
W&S	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063		
Maint, Mgmt	124,020	136,422	144,607	153,284	162,481	172,230	182,563	193,517	205,128	217,436		
Utilities	13,596	14,004	14,424	14,857	15,302	15,761	16,234	16,721	17,223	17,740		
Other	3,572	3,679	3,790	3,903	4,020	4,141	4,265	4,393	4,525	4,661		
NOI	254,908	282,812	300,846	319,994	340,323	361,907	384,820	409,144	434,964	462,372		
Debt Service	(98,309)	(98,309)	(98,309)	(98,309)	(98,309)	(133,821)	(133,821)	(133,821)	(133,821)	(133,821)		
CF	156,599	184,503	202,537	221,685	242,015	228,085	250,999	275,323	301,143	328,551	2,323,776	
Investor CF	109,620	129,152	141,776	155,180	171,891	189,660	209,699	232,726	259,800	290,986	1,626,643	3,553,132
Return	15.05%	17.73%	19.47%	21.31%	23.93%	26.92%	30.13%	33.66%	37.53%	41.80%		4.88x
All-In	(728,246)											
IRR	25.61%											
Mult	4.88x											

Super Host with six years of experience solely doing ABNB rentals in NYC has kindly provided us with their returns model representing **25.6% IRR** and **4.9x MOIC**

REDACTED	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	Exit	TOTAL
REVENUES	97,000	100,395	103,909	107,546	111,310	115,206	119,238	123,411	127,730	132,201		
EXPENSES	(39,472)	(40,507)	(41,573)	(42,672)	(43,803)	(44,968)	(46,167)	(47,403)	(48,676)	(49,987)		
Taxes	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063		
Insurance	4,944	5,092	5,245	5,402	5,565	5,731	5,903	6,080	6,263	6,451		
W&S	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063		
Maint, Mgmt	5,000	5,001	5,002	5,003	5,004	5,005	5,006	5,007	5,008	5,009		
Utilities	13,596	14,004	14,424	14,857	15,302	15,761	16,234	16,721	17,223	17,740		
Other	3,572	3,679	3,790	3,903	4,020	4,141	4,265	4,393	4,525	4,661		
NOI	57,528	59,888	62,335	64,874	67,507	70,238	73,070	76,008	79,054	82,214		
Debt Service	(53,592)	(53,592)	(53,592)	(53,592)	(53,592)	(53,592)	(53,592)	(53,592)	(53,592)	(53,592)		
CF	3,936	6,295	8,743	11,282	13,915	16,646	19,478	22,415	25,462	28,621	2,652,761	2,809,554
Return	0.30%	0.48%	0.66%	0.86%	1.06%	1.26%	1.48%	1.70%	1.93%	2.17%		
All-in	(1,318,742)											
IRR	7.31%											
Mult	2.13x											

“Investors are often surprised when we show them our IRR’s, but rentals is truly an amazing business as people always come to NYC”

ABNB New York Super Host, '23

Even in a highly competitive market such as New York, the returns from hosting are immense

Host Unit Economics – NYC ABNB Rental Property Purchase

NYC Purchase IRR Analysis

NYC, 1 BR 1
BA



Entry / Exit Assumptions

Entry Price: \$1mm
Exit Cap Rate: 5.2%
Holding Period: 5 years

Operating Assumptions

Occupancy: 90.0%
ADR: \$300.0
ABNB Rent Growth: 0.0%
OPEX Growth: 1.5%
Income Tax: 20.0%

Financing Assumptions

LTV: 80.0%
Interest Rate: 6.5%

Year	0	1	2	3	4	5
Purchase / Exit CFs						
Entry / Exit Price	(1,000,000)					1,398,462
Debt	800,000					(800,000)
Closing Costs	(40,000)					(111,877)
Revenue						
ABNB Rent		98,550	98,550	98,550	98,550	98,550
OPEX						
ABNB Fees		(2,957)	(2,957)	(2,957)	(2,957)	(2,957)
Utilities and Maintenance		(4,800)	(4,872)	(4,945)	(5,019)	(5,095)
Cleaning Costs		(4,693)	(4,763)	(4,835)	(4,907)	(4,981)
Furniture and Furnishings	(4,000)					
NOI	(4,000)	86,101	85,958	85,814	85,667	85,518
Property ownership tax		(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Income Tax		(19,710)	(19,710)	(19,710)	(19,710)	(19,710)
Interest		(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Post Tax NOI	(4,000)	(609)	(752)	(896)	(1,043)	(1,192)
FCF	(244,000)	(609)	(752)	(896)	(1,043)	485,393
IRR						
MOIC						
14.5%						
1.96						

Team analysis has found IRRs to be lower given higher interest rates but are still lucrative

Host Unit Economics – NYC ABNB Rental Property Lease

NYC Lease IRR Analysis

NYC, 1 BR 1
BA



Operating Assumptions

Revenue

Occupancy: 90.0%

ADR: \$300.0

ABNB Rent Growth: 0.0%

OPEX

Rent: \$4,895

Annual Rent Growth: 3.0%

OPEX Growth: 1.5%

Income Tax: 20.0%

Year	0	1	2	3	4	5
Revenue						
Annual ABNB Rent		97,200	97,200	97,200	97,200	97,200
OPEX						
Upfront Rent and Security Deposit	(9,790)					
Annual Rent		(53,845)	(60,502)	(62,317)	(64,187)	(60,603)
ABNB Fees		(2,916)	(2,916)	(2,916)	(2,916)	(2,916)
Utilities and Maintenance		(4,800)	(4,872)	(4,945)	(5,019)	(5,095)
Cleaning Costs		(4,693)	(4,763)	(4,835)	(4,907)	(4,981)
Furniture and Furnishings	(4,000)					
Income Tax		(19,440)	(19,440)	(19,440)	(19,440)	(19,440)
CF	(13,790)	11,506	4,707	2,747	731	4,166

IRR	32.6%
MOIC	1.73

“In urban locations, the majority of ABNB hosts conduct rent arbitrage and the returns from these operations are much more lucrative than purchasing the property. **Anyone can do it you don’t need to be a millionaire**”

ABNB New York Super Host, ‘23

Leasing the property to be rented out on ABNB provides much greater returns and little to no capital requirements

Host Unit Economics – Dallas Private Room Opportunity

Private Room Projections

Dallas, Texas
3 BR



2 Bedroom

Monthly cost	
Estimated monthly cost	
\$4,466	
Principal & interest	\$3,018
Mortgage insurance	\$0
Property taxes	\$1,093
Home insurance	\$210
HOA fees	\$145
Utilities	Not included

3 Bedroom

Monthly cost	
Estimated monthly cost	
\$4,616	
Principal & interest	\$3,224
Mortgage insurance	\$0
Property taxes	\$1,168
Home insurance	\$224
HOA fees	N/A
Utilities	Not included

Private Room Opportunity Analysis

Revenue

Private Room Annual Nights Booked	100
Private Room ADR	80
Private Room Annual Revenue	8,000

Incremental Cost

2 Bedroom Monthly Cost	4,466
3 Bedroom Monthly Cost	4,616
3 Bedroom Incremental Monthly Cost	(150)
3 Bedroom Incremental Annual Cost	(1,800)

Private Room Cash Flow	6,200
-------------------------------	--------------

"ABNB has helped us pay off our mortgage and generate additional income from our extra room during high seasons"

ABNB Host, '23

Private room rentals are highly beneficial for existing property owners to ease mortgage payments

Host Unit Economics – Fairbanks, Alaska

Fairbanks, Alaska Purchase IRR Analysis

Single Family
Fairbanks,
Alaska



Entry / Exit Assumptions*

Entry Price: \$148K

Exit Cap Rate: 7.7%

Holding Period: 5 years

Operating Assumptions*

Occupancy: 65.0%

ADR: \$198.0

ABNB Rent Growth: 0.0%

OPEX Growth: 1.5%

Income Tax: 20.0%

Financing Assumptions

LTV: 80.0%

Interest Rate: 6.5%

Year	0	1	2	3	4	5
Purchase / Exit CFs						
Entry / Exit Price	(148,000)					233,766
Debt	118,400					(118,400)
Closing Costs	(5,920)					(18,701)
Revenue						
ABNB Rent		46,976	46,976	46,976	46,976	46,976
OPEX						
ABNB Fees		(1,409)	(1,409)	(1,409)	(1,409)	(1,409)
Utilities and Maintenance		(4,800)	(4,872)	(4,945)	(5,019)	(5,095)
Cleaning Costs		(7,908)	(8,027)	(8,147)	(8,270)	(8,394)
Furniture and Furnishings	(15,000)					
NOI	(15,000)	32,858	32,667	32,474	32,277	32,078
Property ownership tax		(1,480)	(1,480)	(1,480)	(1,480)	(1,480)
Income Tax		(9,395)	(9,395)	(9,395)	(9,395)	(9,395)
Interest		(9,620)	(9,620)	(9,620)	(9,620)	(9,620)
Post Tax NOI	(15,000)	12,363	12,172	11,979	11,782	11,583
FCF	(50,520)	12,363	12,172	11,979	11,782	108,248

IRR	33.4%
MOIC	3.10

Returns are in line for less competitive yet attractive tourist markets throughout the U.S. using very conservative assumptions

Based on average AirDNA house values, ADR's, and occupancy metrics.

Source: AirDNA, Airbnb website, and team analysis.

Host Unit Economics – New Haven, Connecticut

New Haven, Connecticut Purchase IRR Analysis

Single Family
New Haven,
Connecticut



Entry / Exit Assumptions*

Entry Price: \$261K
Exit Cap Rate: 5.8%
Holding Period: 5 years

Operating Assumptions*

Occupancy: 63.0%
ADR: \$207.0
ABNB Rent Growth: 0.0%
OPEX Growth: 1.5%
Income Tax: 20.0%

Financing Assumptions

LTV: 80.0%
Interest Rate: 6.5%

Year	0	1	2	3	4	5
Purchase / Exit CFs						
Entry / Exit Price	(261,000)					455,172
Debt	208,800					(208,800)
Closing Costs	(10,440)					(36,414)
Revenue						
ABNB Rent		47,600	47,600	47,600	47,600	47,600
OPEX						
ABNB Fees		(1,428)	(1,428)	(1,428)	(1,428)	(1,428)
Utilities and Maintenance		(4,800)	(4,872)	(4,945)	(5,019)	(5,095)
Cleaning Costs		(7,665)	(7,780)	(7,897)	(8,015)	(8,135)
Furniture and Furnishings	(15,000)					
NOI	(15,000)	33,707	33,520	33,330	33,137	32,942
Property ownership tax		(2,610)	(2,610)	(2,610)	(2,610)	(2,610)
Income Tax		(9,520)	(9,520)	(9,520)	(9,520)	(9,520)
Interest		(16,965)	(16,965)	(16,965)	(16,965)	(16,965)
Post Tax NOI	(15,000)	4,612	4,425	4,235	4,042	3,847
FCF	(77,640)	4,612	4,425	4,235	4,042	213,805

IRR	25.9%
MOIC	2.98

Returns are in line for less competitive yet attractive tourist markets throughout the U.S. using very conservative assumptions

Host Unit Economics – Evansville, Indiana

Evansville, Indiana Purchase IRR Analysis

Single Family
Evansville,
Indiana



Entry / Exit Assumptions*

Entry Price: \$116K

Exit Cap Rate: 7.4%

Holding Period: 5 years

Operating Assumptions*

Occupancy: 61.0%

ADR: \$129.0

ABNB Rent Growth: 0.0%

OPEX Growth: 1.5%

Income Tax: 20.0%

Financing Assumptions

LTV: 80.0%

Interest Rate: 6.5%

Year	0	1	2	3	4	5
Purchase / Exit CFs						
Entry / Exit Price	(116,000)					227,642
Debt	92,800					(92,800)
Closing Costs	(4,640)					(18,211)
Revenue						
ABNB Rent		28,722	28,722	28,722	28,722	28,722
OPEX						
ABNB Fees		(862)	(862)	(862)	(862)	(862)
Utilities and Maintenance		(4,800)	(4,872)	(4,945)	(5,019)	(5,095)
Cleaning Costs		(7,422)	(7,533)	(7,646)	(7,761)	(7,877)
Furniture and Furnishings	(15,000)					
NOI	(15,000)	15,639	15,455	15,269	15,080	14,889
Property ownership tax		(1,160)	(1,160)	(1,160)	(1,160)	(1,160)
Income Tax		(5,744)	(5,744)	(5,744)	(5,744)	(5,744)
Interest		(7,540)	(7,540)	(7,540)	(7,540)	(7,540)
Post Tax NOI	(15,000)	1,194	1,011	825	636	444
FCF	(42,840)	1,194	1,011	825	636	117,075

IRR	23.6%
MOIC	2.82

Returns are in line for less competitive yet attractive tourist markets throughout the U.S. using very conservative assumptions

Based on average AirDNA house values, ADR's, and occupancy metrics.

Source: AirDNA, Airbnb website, and team analysis.

Host Unit Economics – Lima, Peru

Lima, Peru Purchase IRR Analysis

Apartment
Lima, Peru



Entry / Exit Assumptions

Entry Price: \$100K

Exit Cap Rate: 8.5%

Holding Period: 5 years

Operating Assumptions

Occupancy: 80.0%

ADR: \$50.0

ABNB Rent Growth: 0.0%

OPEX Growth: 1.5%

Income Tax: 30.0%

Financing Assumptions

LTV: 80.0%

Interest Rate: 9.0%

Year	0	1	2	3	4	5
Purchase / Exit CFs						
Entry / Exit Price	(100,000)					141,176
Debt	80,000					(80,000)
Closing Costs	(3,100)					(7,059)
Revenue						
ABNB Rent		14,600	14,600	14,600	14,600	14,600
OPEX						
ABNB Fees		(438)	(438)	(438)	(438)	(438)
Utilities and Maintenance		(420)	(426)	(433)	(439)	(446)
Cleaning Costs		(487)	(494)	(501)	(509)	(517)
Furniture and Furnishings	(1,800)					
NOI	(1,800)	13,255	13,242	13,228	13,214	13,200
Property ownership tax		(100)	(100)	(100)	(100)	(100)
Income Tax		(4,380)	(4,380)	(4,380)	(4,380)	(4,380)
Interest		(7,200)	(7,200)	(7,200)	(7,200)	(7,200)
Post Tax NOI	(1,800)	1,575	1,562	1,548	1,534	1,520
FCF	(24,900)	1,575	1,562	1,548	1,534	55,637

IRR	21.5%
MOIC	2.48

Select LATAM markets are highly attractive for hosts generating upwards of 20.0% IRR despite much higher interest rates and taxes

Host Unit Economics – Jakarta, Indonesia

Jakarta, Indonesia Purchase IRR Analysis



Entry / Exit Assumptions

Entry Price: \$110K
Exit Cap Rate: 5.5%
Holding Period: 5 years

Operating Assumptions

Occupancy: 65.0%
ADR: \$80.0
ABNB Rent Growth: 0.0%
OPEX Growth: 1.5%
Income Tax: 25.0%

Financing Assumptions

LTV: 80.0%
Interest Rate: 6.9%

Year	0	1	2	3	4	5
Purchase / Exit CFs						
Entry / Exit Price	(110,000)					163,636
Debt	88,000					(88,000)
Closing Costs	(3,410)					(8,182)
Revenue						
ABNB Rent		18,980	18,980	18,980	18,980	18,980
OPEX						
ABNB Fees		(569)	(569)	(569)	(569)	(569)
Utilities and Maintenance		(1,200)	(1,218)	(1,236)	(1,255)	(1,274)
Cleaning Costs		(1,582)	(1,605)	(1,629)	(1,654)	(1,679)
Furniture and Furnishings	(3,500)					
NOI	(3,500)	15,629	15,587	15,545	15,502	15,458
Property ownership tax		(110)	(110)	(110)	(110)	(110)
Income Tax		(4,745)	(4,745)	(4,745)	(4,745)	(4,745)
Interest		(6,054)	(6,054)	(6,054)	(6,054)	(6,054)
Post Tax NOI	(3,500)	4,720	4,678	4,635	4,592	4,549
FCF	(28,910)	4,720	4,678	4,635	4,592	72,003




































IRR	30.7%
MOIC	3.13

Select APAC markets are highly attractive for hosts generating upwards of 20.0% IRR despite lower ADRs and higher taxes

Appendix VI: Competitors






Competitive Landscape

Airbnb competes for hosts and guests that have a wide variety of options to find and book accommodations and experiences

Online Travel Agencies	Internet Search Engines	Listing and Meta Search Websites	Hotel Chains	Property Management Companies	Online Platforms offering Experiences
       	 	      	      	    	     








Peer Benchmarking

Airbnb differentiates from its peers by offering unique available listings, large guest booking volume, personalization of search results, safety and community support

	Company	Description	Operating Metrics (2022)	Financials (2022)
OTAs		Airbnb offers private rooms, primary homes, vacation homes and experiences to guests in the US (46% of sales) and overseas	<ul style="list-style-type: none"> Active listings: 6.6mm Nights and exp.: 394mm GBV: \$63,212mm ADRs: \$160 Take rate: 13.29% 	<ul style="list-style-type: none"> Revenue: \$8,339mm Growth '17-'22: 27% % Sales and mkt.: 18% % EBITDA margin: 22% % ROIC: 23%
		Booking offers air ticketing, online accommodation, car rentals, restaurant reservations and services in Europe (79% of sales) and overseas	<ul style="list-style-type: none"> Active listings: 2.7mm Room nights: 896mm GBV: \$121,253mm ADRs: \$124 Take rate: 14.09% 	<ul style="list-style-type: none"> Revenue: \$17,090mm Growth '17-'22: 6% % Sales and mkt.: 46% % EBITDA margin: 32% % ROIC: 26%
		Expedia offers air ticketing, online accommodation reservations, car rentals and services in the US (68% of sales) and overseas	<ul style="list-style-type: none"> Active listings: 2.9mm Room nights: 312mm GBV: \$95,049mm ADRs: NA Take rate: 12.27% 	<ul style="list-style-type: none"> Revenue: \$11,667mm Growth '17-'22: 3% % Sales and mkt.: 52% % EBITDA margin: 16% % ROIC: 7%
		MakeMyTrip offers air ticketing, hotels and packages, bus tickets, car rentals, experiences and services in India (98% of sales) and overseas	<ul style="list-style-type: none"> Active listings: 0.8mm Room nights: 70mm GBV: \$5,905mm ADRs: \$33 Take rate: 9.03% 	<ul style="list-style-type: none"> Revenue: \$533mm Growth '17-'22: -4% % Sales and mkt.: 17% % EBITDA margin: 5% % ROIC: 1%
		Despegar offers air ticketing, online accommodation reservations, car rentals, bus tickets and services in Latin America	<ul style="list-style-type: none"> Active listings: 0.5mm Transactions: 8.6mm GBV: \$3,974mm GBV/transaction: \$460 Take rate: 13.01% 	<ul style="list-style-type: none"> Revenue: \$517mm Growth '17-'22: 0% % Sales and mkt.: 29% % EBITDA margin: 6% % ROIC: -4%

Note: Invested Capital calculation for ROIC includes cash and short-term investments because for some companies it would be negative otherwise.

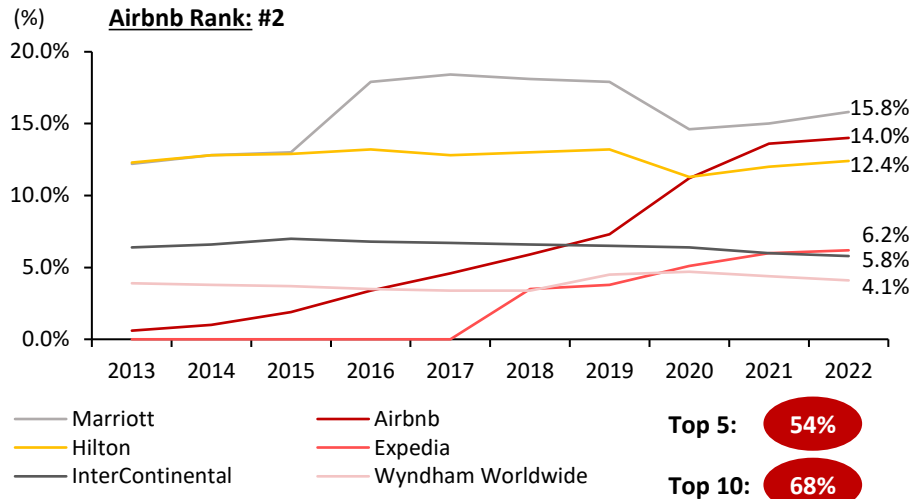
Peer Benchmarking (cont.)

	Company	Description	Operating Metrics (2022)	Financials (2022)
Listing and Meta Search Websites	 Tripadvisor  	Tripadvisor offers experiences, restaurant reservations and travel guidance platforms to generate authentic ratings and reviews in the US (61% of sales) and overseas	Tripadvisor <ul style="list-style-type: none"> Ratings & reviews: +1bn Experiences: 8mm Viator <ul style="list-style-type: none"> Operators: +50K Experiences: +300K 	<ul style="list-style-type: none"> Revenue: \$1,492mm Growth '17-'22: -1% % Sales and mkt.: 53% % EBITDA margin: 13% % ROIC: 2%
		Marriott operates, franchises, and licenses hotel, residential, timeshare, and other lodging properties in US & Canada (76% of sales) and overseas	<ul style="list-style-type: none"> Properties: 8.3K Rooms: 1.5mm Room nights: 356mm GBV: \$61,593mm ADRs: \$173 	<ul style="list-style-type: none"> Revenue: \$20,773mm Growth '17-'22: -2% % Sales and mkt.: N.A. % EBITDA margin: 18% % ROIC: 25%
Hotel Chains		Hilton engages in managing, franchising, owning, and leasing hotels and resorts in the US (79% of sales) and overseas	<ul style="list-style-type: none"> Properties: 7.2K Rooms: 1.1mm Room nights: 278mm GBV: \$41,946mm ADRs: \$151 	<ul style="list-style-type: none"> Revenue: \$8,773mm Growth '17-'22: -1% % Sales and mkt.: N.A. % EBITDA margin: 26% % ROIC: 20%
		Vacasa operates a vacation rental management platform in North America, Belize, and Costa Rica	<ul style="list-style-type: none"> Properties: 37.0K Room nights: 6.1mm GBV: \$2,519mm ADRs: \$410 Take rate: 46.13% 	<ul style="list-style-type: none"> Revenue: \$1,162mm Growth '19-'22: 31% % Sales and mkt.: 23% % EBITDA margin: N.A. % ROIC: N.A.
Property Management Companies		Sonder operates a vacation rental management platform in North America, Europe, and the Middle East	<ul style="list-style-type: none"> Properties: 17.6K Room nights: 2.5mm GBV: \$461mm ADRs: \$187 Take rate: 99.96% 	<ul style="list-style-type: none"> Revenue: \$461mm Growth '19-'22: 26% % Sales and mkt.: 11% % EBITDA margin: N.A. % ROIC: N.A.

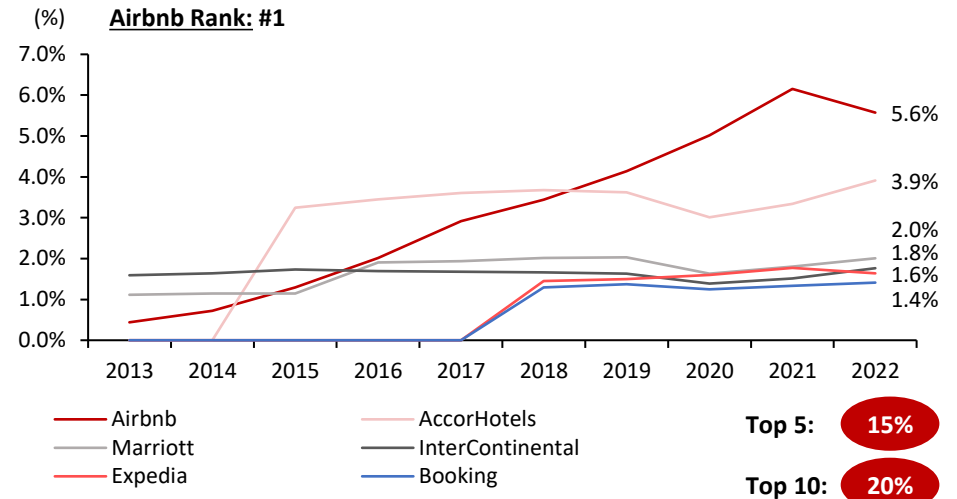
Note: Invested Capital calculation for ROIC includes cash and short-term investments because for some companies it would be negative otherwise.

ABNB Market Share by Region

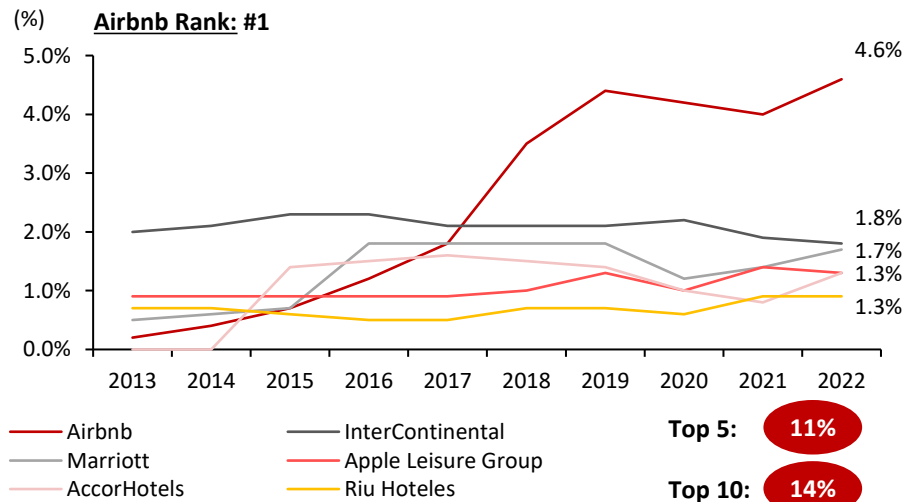
North America



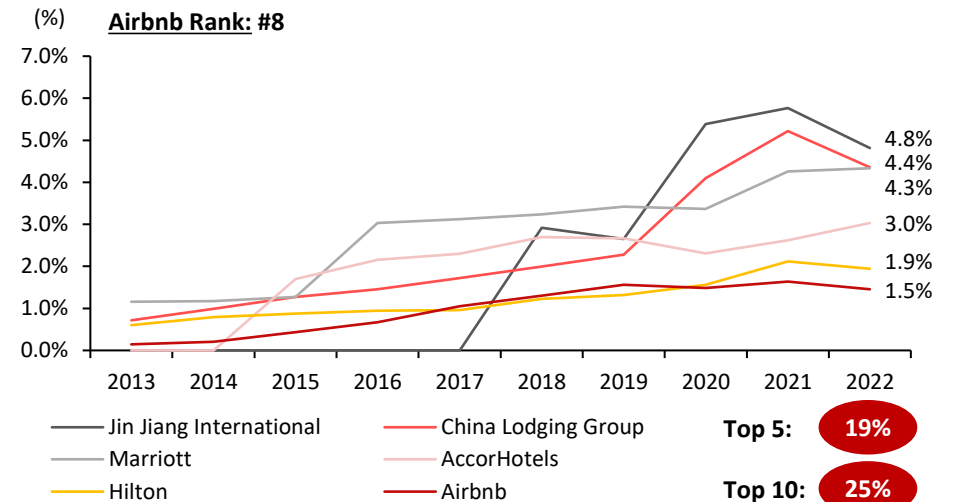
EMEA



Latin America



Asia Pacific⁽¹⁾



Appendix VII: Regulation

Regulatory Outlook

City	Regulation	Our Take
New York	<ul style="list-style-type: none"> • Hosts required to register with city of New York for short-term rentals (below 30 days) • Host must be present in the property for short-term rentals (only private rooms allowed), and guest must have unobstructed access to all areas • Long-term rentals (above 30 days) on Airbnb platform are exempt from the above two requirements 	<ul style="list-style-type: none"> • Airbnb is the only large house-sharing provider that offers private rooms inside a residence. This has been exempted from regulation and benefits Airbnb versus other competitors • Exemptions for Long-term furnished rentals benefit Airbnb compared to Vrbo and other alternative accommodation providers • Biggest risk is restrictions on full property rentals
Los Angeles	<ul style="list-style-type: none"> • Short-term Home-sharing is permitted for primary residences • Hosts for short-term rentals are required to register with the city of Los Angeles • Hosting for 120+ days requires special permit • Only long-term listings for secondary homes 	<ul style="list-style-type: none"> • ~50% of Airbnb's listings are primary residences, which would be exempted from this restriction • Airbnb properties are listed on average for 65 nights, which is well below 120 days • LA regulation is most damaging to large property managers, which skew towards Vrbo
London	<ul style="list-style-type: none"> • Short-term rentals are capped to 90 days total for entire properties (private rooms are exempt) • Medium-term listings (above 90 days) require a landlord's license 	<ul style="list-style-type: none"> • 90-day limit is below Airbnb's 65 day average and will create a barrier for OTAs who would have entered the market by acquiring large blocks of inventory • Exemption for private rooms will benefit Airbnb versus other vacation rental competitors
Paris	<ul style="list-style-type: none"> • Short-term rentals of primary residence are capped to 90 days total for whole property, and unlimited for private rooms • Secondary homes rentals only for 1+ years 	<ul style="list-style-type: none"> • Similar dynamics to London. It provides minimal disruption to individual hosts but increases barriers to vacation rental platforms
Tokyo	<ul style="list-style-type: none"> • Hosts required to obtain registration numbers for short-term rentals • Short-term rentals capped to 180 days 	<ul style="list-style-type: none"> • Short-term rental limits are almost 3x Airbnb's 65 day average, resulting in minimal disruption – especially to its core hosts
Barcelona	<ul style="list-style-type: none"> • Hosts must obtain a registration number for short-term rentals • Rentals above 30 days are also permitted 	<ul style="list-style-type: none"> • Registration process could slow down growth of short-term rentals. Otherwise, there are minimal restrictions

Source: Airbnb Help Center.

Note: Major LATAM cities have strong laws protecting individuals right to host, and therefore have not been included.